

EUROPEAN NEWS

David White reports from Seville on the opening shots in the poll campaign Socialists race themselves and their rivals

IT IS symptomatic of the Socialist Party's dilemma that in Seville, the Andalusian capital and home base of Mr Felipe Gonzalez, the Spanish Prime Minister, the campaign for the June 22 general election should begin on a long holiday weekend.

Here, in their strongest region, some Socialist Party members seem more worried about missing World Cup football ties in the next three weeks—the official canvassing period, starting tomorrow coincides with all the matches from the first round to the quarter-finals—than about losing votes.

Andalusia is where the Socialists began their sweeping rise to power in regional elections four years ago. The continuing obedience of Mr Gonzalez's southern electorate was amply demonstrated by a big "yes" vote in the referendum which the Government held in March on its decision to remain in Nato.

But the region also presents the Socialists with an acute example of the dilemma they face nationwide: they did too well the last time around and have to run not just against the competition, but against their own ballot-box record. Mr Gonzalez's decision to bring forward the general elections from October for reasons of opportunism and smoother economic management means that they will coincide with the



Mr Gonzalez: starting from his home base.

battoil to renew Andalusia's regional parliament. A second regional campaign begins officially a week after the first one, but in fact the two will be indistinguishable. In 1982 the Socialists claimed 68 of the 109 seats in the whitewashed former theatre and one-time church that houses the Seville parliament. They went on to fill 33 of the

45 place which Andalusia has in the congress in Madrid. "We realise that the bar is set very high, and that we cannot easily stay at that level," admits Mr Jose Miguel Salinas, the Mayor of Cordoba, the 44-year-old Mr Anguita sees Andalusia as the main strength of the new alliance. He hopes to make it into the second political force in the region and is ready to spend another four or five years building it up.

In the offices of the regional government, Mr Salinas rejects the idea that the left-wing electorate is disappointed with

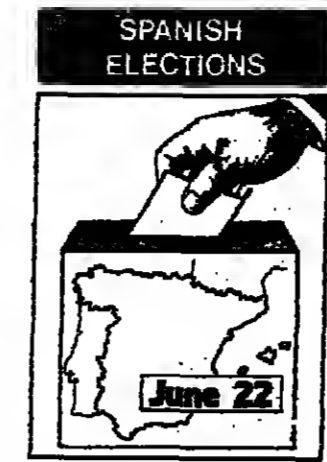
Socialism. He says Andalusia has felt the benefits of government spending in the past few years and promises to be the Spanish region most favoured by EEC membership.

"What has happened between 1982 and now is a certain loss of political ingenuousness," he says. "People thought then that the Socialists could accelerate the rhythm of change. Now nobody expects miracles."

The local government is none the less in a hurry to push through land reform measures, one of the few programmes of radical hue to be carried out by the Spanish Socialists. The reform, which responds to an old demand of the left throughout the south, involves no more than the compulsory rental of some badly-farmed land, and has in any case been held up by the courts.

Opponents have it that Mr Gonzalez brought the general elections forward partly to avoid the repercussions of a loss of face in Andalusia. But Socialist leaders say it was rather to avoid subjecting the country to a prolonged electoral period, and to get on instead with the business of government.

Under the slogan "On a good path" the Socialists' national platform is based on the theme of continuing the job after four years of groundwork. Arguing that Spain no longer faces political or economic problems of



the same urgency or gravity as when they came to power, their programme is largely taken up with the need to modernise, to absorb new technology and adapt to the international environment.

The only question is whether the Socialists, who held 202 of the 350 seats in the last parliament, can keep an absolute majority. Even if they lose outright control of parliament, the prospect of a non-socialist coalition, as proposed by the conservative Popular Alliance, being able to govern the country, is to say the least remote.

Mr Alfonso Guerra, deputy Prime Minister and the Socialists' chief campaign manager, is standing again as their top-of-the-list candidate in Seville, where he keeps a close eye on the party's affairs. He does not sound like a worried man. "I do not sleep much," he says, "but when I sleep, I sleep well."

Greece struggles to stabilise its wayward economy

BY ANDRIANA IERODIACONOY IN ATHENS

GLEEFUL OWNERS of Athenian electrical goods shops are counting the profits as the impending kick-off in the Mexico World Cup triggers a rush to buy expensive imported colour television sets.

But the traders' happiness is counterbalanced by the gloom of Greek economic planners. Stubbornly high levels of imports and private consumption remain the number one threat to the two year economic stabilisation programme introduced last October to reduce high inflation and external and domestic deficit.

Measures taken included a 15 per cent devaluation of the drachma, an import deposit scheme affecting about one-third of the products entering Greece and a virtual standstill in wages and salaries.

The Government has set a target of a 16 per cent inflation rate, a current account deficit of \$1.7bn and a net public sector borrowing requirement of 13 per cent of gross domestic product by the end of 1986. In 1985 the annual inflation rate reached 26 per cent, the current account deficit rose to a record \$3.2bn and net borrowing increased to 18 per cent of GDP.

In the view of Economy Ministry officials, the targets can be met. Inflation in the first four months stood at 6.4 per cent and the January to March current account deficit fell to \$874m from \$1.1bn in the same period last year.

The overall budget deficit in the first three months of 1986 fell to Dr 54bn (£250m) compared with Dr 90bn in the same period in 1985, according to Finance Ministry figures. Critics argue, however, that the Government is achieving the right results for the wrong reasons, and that the improved figures owe less to the stabilisation measures than to external

factors not foreseen last October. The most important is the fall in oil prices which accounted for a \$912m saving on the current account from January to March and which the authorities calculate may save Greece about \$1.5bn over the year, assuming a price of \$15 a barrel. Energy and

Independent analysts estimate the saving at closer to \$650m and point out that the stabilisation regime has not yet hit home on imports and consumption. The value of imports stayed at a high \$4.2bn for the first three months of 1986, compared with \$2.8bn for the same period last year.

Private consumption as measured by the volume of retail sales actually went up by 1.6 per cent between February and March this year, compared with a drop of 4 per cent in the same period in 1985. Consumers are spending their savings, leading to a 3.3 per cent decline in private deposits in January and February 1986. This is generating a liquidity squeeze which, according to the Economy Ministry, makes it difficult to implement this year's monetary and credit programme.

Government economists say they expect the stabilisation measures to start biting later in the year. They accept the arguments made by the Bank of Greece for its latest report on the economy, that because of unforeseen bonuses such as the fall in oil prices, the Government should do better than its original targets.

This positive effect may not however become evident until the end of 1987, the second year of the stabilisation regime. According to Mr Costas Simitis, the Economy Minister, "we are neither pessimistic nor optimistic, we are trying to be consistent. Some things are going well, others need watching."

Car makers' selling tactics under fire

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN GENEVA

SCATHING criticism of the manufacturers' latest tactic in Britain's car wars—the provision of subsidised finance—was voiced yesterday by Mr Don McCrickard, managing director in United Dominion's Trust.

From the viewpoint of his group, which owns one of the UK's largest providers of point-of-sale car finance, the Swan National car rental company and one of the top 10 motor retailers, he could suggest manufacturers had already put considerable pressure on dealers' profits by heavy discounting and disorderly marketing.

Not content with this the manufacturers through their own finance subsidiaries are now discounting even further by offering bargain basement finance terms involving low or no deposits, repayments over extended periods, and heavily subsidised interest rates.

"By way of example, the going (interest) rate from Ford in the UK is 4.9 per cent when the market would normally suggest double that."

This was a classic example of apparent short-term gain at the expense of longer term prosperity, said Mr McCrickard. The manufacturers' blatant disregard for dealer profitability would accelerate the demise of their networks currently contracting at the rate of 5-6 per cent a year in the UK.

Mr McCrickard suggested car buyers in Britain are being encouraged to believe that low or no interest rate deals are the norm. But they still are the big discount and the best possible trade-in terms for their old cars.

"It is at this point the manufacturers' discounting is going full circle: low interest has become a less effective sales tool, it is still costing money, its product has been devalued, yet he is not gaining market share."

In all this the dealer was simply a pawn in the game of market share and, like all pawns, he is dispensable. In the US car buyers were paying at least \$4.5bn (£2.95bn) a year extra because of the restriction on Japanese car imports, according to Mr Robert McElwaine, president of the American International Automobile Dealers.

New car sales were being depressed as a result. Using standard criteria, more than 12m new cars have been sold last year in the US. Instead, the industry achieved 11m and hoped for similar levels in 1986.

The controls on Japanese automobiles are having an effect on the social and economic fabric of the US far beyond what anyone could possibly have had in mind when the seemingly simple restrictions (on Japanese car imports) were first put into place," he added. Mr McElwaine said the claimed \$1,500 cost advantage the Japanese manufacturers held over their US rivals had been eliminated by the fall in

the value of the dollar. "It is time the quotas ended and we went back to a free market."

Mr McElwaine predicted major changes in US car retailing are on the way. Single franchise dealers would rapidly be supplanted by multiple-franchise dealers, sometimes offering as many as seven or eight different makes in separate showrooms under one roof. Tomorrow's dealerships will employ from 100 to 200

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World Motor Industry

people: they will have land costs approaching \$100 a foot and annual lease costs of \$500,000 and more. They will have payrolls of \$2m-\$3m. They must generate profits in great volume or go under."

Mr Martin Swig, president of San Francisco Auto Center, the pioneer of the multi-franchise system, said he had been forced to consider the new style because of high land costs in San Francisco.

He explained that three years ago he brought together under one roof his six car retail franchises, scattered around the city. In the past year in the old facilities he sold 3,000 new cars. In the first full year at the new facility 4,500 new cars were sold, representing about half of all new car sales in San Francisco. This year his center will sell between 6,500 and 7,000 cars in spite of the limitations on Japanese car imports. The potential, he said, is 8,000-10,000 cars a year.

Mr Hanns Glatz, secretary general of CICA (Comité de Liaison de la Construction Automobile) pointed out that if mega-dealers selling 5,000 cars a year each were to dominate the European community, in theory the numbers of main dealers would shrink from 35,000 to 2,500—which obviously was not possible.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd, Frankfurt Branch, represented by C. Hugo, Frankfurt/Main, and, as a member of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gosman, D.E.P. Palmer, London. Printed by Dr. J. Neumann, Neudamm-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. Circulation: 54,000 Frankfurt am Main 1. © The Financial Times Ltd. 1986. FINANCIAL TIMES, USPS No. 100640, published daily except Sundays and holidays. U.S. subscription rates: \$368.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.



The winning side

A superb victory for Nigel Mansell and the Williams' team in the Belgian Grand Prix last Sunday – the team's second outright win this season.

But success in Grand Prix is not just about driving a great race on the day. It involves a rare blend of talent, teamwork and technology.

Mobil advanced synthetic lubricants are part of the Williams' winning formula. These synthetic oils and greases perform well

anywhere – in aviation, marine and truck engines, in tough industrial applications and in your own motor car.

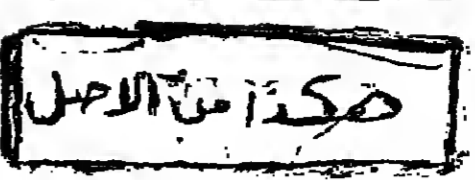
It's not just on the racetrack that we lead the field.

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EUROPEAN NEWS



Industry and unions square off in Sweden

By Kevin Done, Nordic Correspondent in Stockholm THE DANGER of widespread labour conflict in Swedish industry increased yesterday when the LO blue collar union confederation banned overtime for all its 700,000 members in the private sector from next Friday.

Chirac wields the guillotine again in National Assembly

BY DAVID HOUSEGO IN PARIS

THE GOVERNMENT of Mr Jacques Chirac yesterday brought down the guillotine on debate within the National Assembly for the third time this session, cutting short discussion on the supplementary budget for this year.



Chirac: third time.

Mr Chirac announced his decision at 7.40 yesterday morning to weary deputies after Parliament had been in session all night. He accused the Socialists of obstructing legislation—though he has also had a problem with his own narrow majority which has been tabling amendments embarrassing to the Government's budget calculations.

Report of loan deal on hostages played down

By David Marsh in Paris

FRANCE IS maintaining a cautious line on the possibility of achieving the release of nine French hostages held in Lebanon. This is in spite of a generally positive outcome of a visit here last week by an Iranian government delegation and the start of negotiations between Paris and Tehran on repaying a \$1bn loan to France by the late Shah.

EEC to set N-safety level in food

BY PAUL CHEESERIGHT IN BRUSSELS

THE EUROPEAN Community is likely to replace a specific ban on food imports from Eastern Europe with a general ban on all food imports which show traces of radioactivity above a common safety level.

after the disaster at the Chernobyl nuclear reactor. These controls expire on Saturday and, for public health reasons, a new system is thought to be necessary covering food imports from all sources.

standard. So there has been prolonged negotiation on what that standard ought to be. The standard accepted by all except Greece is 350 becquerels per kg for milk and baby foods and 600 becquerels per kg for all other food products.

Doctors appeal for halt to nuclear testing

BY RUPERT CORNWELL IN BONN

A gathering of leading doctors from around the world yesterday called both superpowers—but most urgently the US—to halt nuclear testing as a first step to slow the arms race and reduce the risk of a nuclear war with whose effects modern medicine would be powerless to cope.

Certainly it had strained the medical capacities of a major nation in the USSR, and had affected much of Europe, he said. "But compared to the explosion of one nuclear bomb, Chernobyl was indeed small."

"Nuclear weapons too can explode by accident," he warned. Patrick Blum adds from Vienna: Mr Friedrich Zimmermann, the West German Interior Minister, yesterday said that 23 out of 25 nuclear energy states had agreed to a West German proposal to hold an international conference in Vienna in September to discuss higher safety standards in the light of last month's accident at Chernobyl.

Government details sale of television channel

BY PAUL BETTS IN PARIS

THE CONTROVERSY over deregulation of French broadcasting heightened yesterday with the unveiling of detailed plans for privatising the country's oldest and largest state television network, TF-1.

Luxembourgish de Telediffusion (CLT) are also keen to develop their presence in the French broadcasting market.

Mr Francois Leotard, the Communications and Culture Minister, said 50 per cent of the shares in the network would be sold to its new private operator, 40 per cent will be offered to the general public and the rest to employees.

However, the opposition Socialist party, the unions and staff of the state broadcasting industry are vigorously opposing the privatisation of TF-1 and the eventual selling off of the regional state television network, FR3.

The Foreign Ministry yesterday played down a report from a US television network, that the two sides had agreed on repaying the loan as a condition for freeing the hostages.

France hopes Tehran can use influence with the fundamentalist movements, linking the Frenchman in Lebanon—four of whom have been captive for more than a year.

The appeal came on the first day of a congress here of the association of International Physicians for the Prevention of Nuclear War. Its deliberations are inevitably taking place beneath the shadow of the Chernobyl nuclear power station disaster, whose death toll has now risen to 21, and by some accounts 23.

Chernobyl has reaffirmed our conviction that we physicians must campaign more effectively still for the prevention of nuclear war," said Mr Evgheny Chazov, one of the two co-presidents of the association, which won the 1985 Nobel Peace Prize and groups more than 154,000 doctors from 49 countries. He told a Press conference yesterday.

Speaking after a meeting with Dr Hans Blix, the director general of the International Atomic Energy Agency (IAEA), Mr Zimmermann said that the idea for a meeting had won widespread support and that it would take place just before the IAEA's own general conference in Vienna. The meeting would allow for a political discussion before the technical discussion at the agency's own conference.

Industry and unions square off in Sweden

The risk of unrest emerged at the beginning of the week, when talks in the all-important engineering industry broke down. Metall, the powerful engineering union, threatened to take 17,000 of its members out on strike from next Tuesday.

Government details sale of television channel

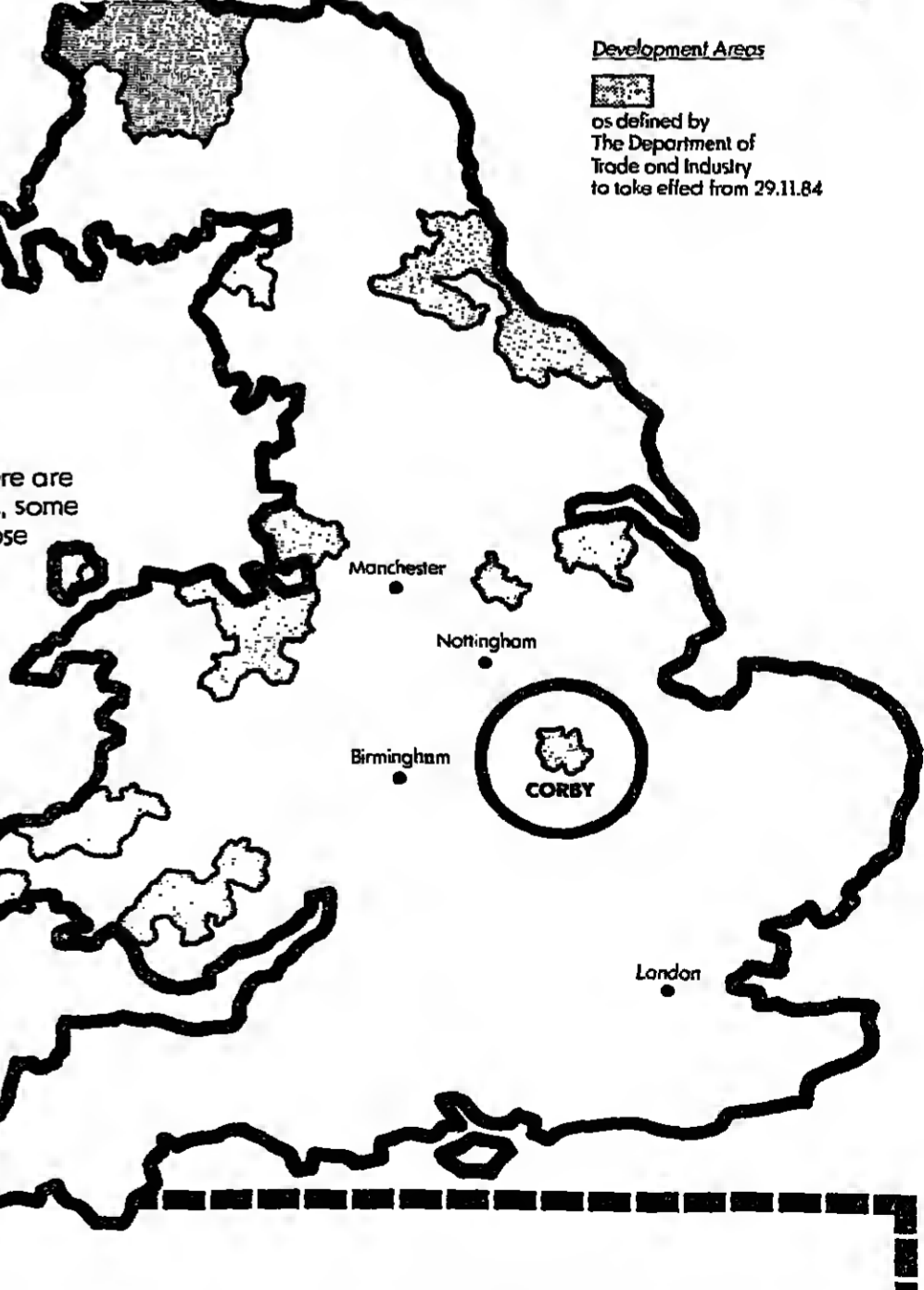
By using the guillotine again, however, Mr Chirac asks, however, Mr Chirac risks bringing Parliament into further disrespect and angering deputies—even those within his own majority. But he seems likely to be forced to repeat the procedure with other controversial bills this month and next.

Government details sale of television channel

Mr Chirac's move came as a public opinion poll published yesterday showed his position has begun to slide, with 45 per cent of those showing confidence in him. Nonetheless, he would be the winner by a short head in the second round of a presidential election against Mr Mitterrand.

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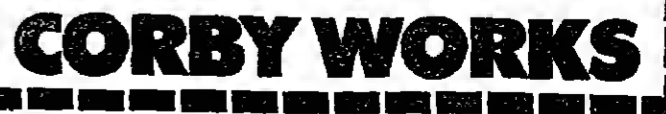


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NATIONAL SAVINGS Savings Certificates GENERAL EXTENSION RATE Notice of Change From 1 June 1986 the rate of interest payable on National Savings Certificates on General Extension terms will be changed from 8.52% to 8.01% p.a. tax-free. The General Extension Rate applies to Certificates of the 7th to 14th, 16th, 18th, 19th and 21st Issues after they have completed their fixed period terms.

OECD ECONOMIC OUTLOOK

Best climate in years for structural change

BETTER economic prospects present the world with the best opportunity for years to deal with long-standing structural problems such as trade barriers, the Organisation for Economic Co-operation and Development concludes in its latest Economic Outlook.

Oil prices have fallen by 40 per cent in dollar terms, the dollar itself has dropped nearly a quarter, and short and long term interest rates have been

Further gains are expected to result from the fall in other fuel prices and, in due course, from lower wage settlements. OECD inflation, which measured 4½ per cent a year in 1985, is now projected at 3½ per cent this year and 3 per cent in 1987.

The OECD says the effects on economic activity of lower oil prices are less easy to calculate than those on inflation, but it forecasts that domestic demand in member countries will increase by around 3½ per cent in 1986 and perhaps a shade less in 1987. These forecasts are close to a percentage point higher than the OECD's projections last autumn.

Reports by
George Graham

declining everywhere since its last half-year report, the OECD says, and this has greatly improved the prospects for inflation and growth in the industrialised countries.

Unemployment remains unacceptably high in most countries, underlining the need for the opportunity this presents to be seized. "The uncertain duration of the new conditions means that action of this kind is urgent," the report says.

Falling oil prices have already brought lower inflation, with average consumer prices in the OECD's 24 member countries as a whole falling in both February and March — the first time this has happened in the 25 years that the organisation has compiled statistics.

OECD FORECASTS				
	Seasonally adjusted at annual rates			
	1984	1985	1986	1987
	Percentage changes from previous period			
Real GNP	4.4	2.2	3	3½
US	5.1	4.4	3½	3
Japan	3.0	2.4	3½	3
West Germany	2.6	2.4	3½	2½
OECD Europe	4.8	2.8	3	3½
Total OECD				
Inflation (private consumption deflator)				
US	4.1	3.2	3½	3½
Japan	2.1	2.2	0	0
West Germany	2.5	2.0	0	0
France, UK, Italy, Canada	6.7	4.1	3½	3
High inflation smaller countries	38.4	34.9	27	24½
Other OECD countries	6.9	4.1	4½	3½
Total OECD	5.3	4.8	3½	3
	(\$ bn)			
Current balances	-107.4	-117.7	-132	-125
US	35.0	49.3	77	71
Japan	6.3	13.1	29	22
West Germany	-69.0	-59.2	-16	-30
Total OECD	-9.6	-12.7	-49	-34
OPEC			-25	-28
Non-oil developing countries				

governments to ease up in their medium-term efforts to improve the structure of OECD economies," the report says. The appropriate response is the opposite one: to seek to exploit the opportunity provided by the new situation to step up such efforts.

Growth of around 3 per cent a year is probably needed to keep unemployment at bay in the OECD area, and at a time when conditions are so favourable the growth rates now in prospect are disappointing. Faster growth would be

desirable if inroads are to be made into the problems of unemployment and the debt-burdened developing countries. The report calls for further reductions in interest rates, which still remain higher in relation to inflation than at most times in the post-war period, but cautions that these rate cuts should not be allowed to jeopardise monetary control or inflation objectives.

An important contribution to this process would be a progressive reduction in the US fiscal deficit of the size

suggested by the Gramm-Rudman-Hollings Act, although lower interest rates seem to have improved the outlook for the deficit recently, the report notes.

The OECD is lukewarm to calls for fiscal expansion in West Germany and Japan to offset the effects of reducing the US budget deficit. It says it would be reasonable for these countries to maintain public debt at a stable level in relation to GNP, while most other countries need to reduce their budget deficits significantly.

Yet faster growth of domestic demand and imports outside the US is needed in order to move towards a more sustainable structure of international current balances. In addition, the OECD suggests further progressive depreciation of the dollar—especially against the least competitive OECD countries such as those in south-east Asia—at a rate that can be absorbed without a significant pickup in US inflation.

The OECD warns that it may be more difficult to establish an international policy consensus like that achieved in September's Group of Five agreement on exchange rates now that the more extreme imbalances have been corrected. Policy adjustments or exchange market intervention in future may need to be more subtle.

The report cautions that if the dollar is to fall further, too slow a depreciation might do little

External imbalances expected to stay at high level

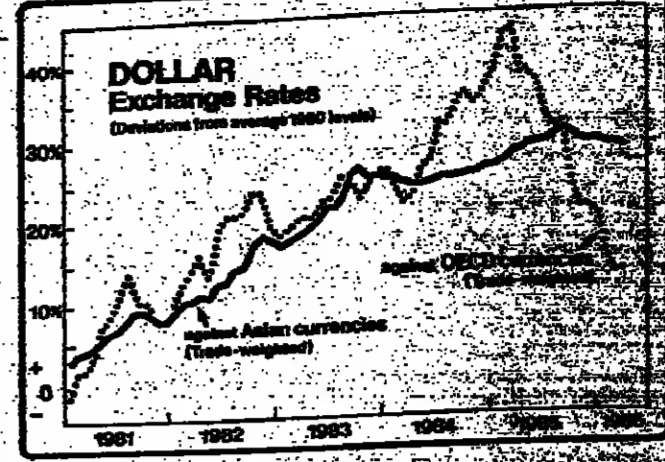
LARGE EXTERNAL imbalances are likely to persist in 1986 and 1987 and probably beyond, the OECD predicts. While the re-alignment of exchange rates over the past year has changed competitive positions, this may do little more than check the widening of the US current account deficit and Japan's current surplus.

These imbalances may still amount to more than 3 per cent of gross national product by the end of 1987, the OECD Economic Outlook warns.

Grassroots protectionism, however, may start to decline before that, it says. Although the US trade deficit may not yet be improving in value terms, in volume terms it may be narrowing. This will ease the squeeze on the margins of exporters and of industries that compete with imports.

Countries should not lean too heavily on exchange rate adjustments in their bid to reduce trade imbalances, the organisation says. Instead, rapid growth outside the US should play a significant role in bringing about better balance.

The report cautions that if the dollar is to fall further, too slow a depreciation might do little



to defuse protectionist pressures in the US. Too sharp a decline, by contrast, would increase inflation in a way that could either prevent the US international competitive position from improving in the manner required or prompt the Federal Reserve Board to tighten monetary conditions.

The OECD is still gloomy about the prospects for more substantial improvements in the imbalance beyond 1987, and warns that the US external deficit could remain a problem.

The most important reason is the impact of the accumulated deficit on US overseas investments. Even if the outlook for the current account deficit in the next 18 months turns out to be better than the OECD expects, past deficits will have led to a reduction in net foreign assets of around \$500bn between 1982 and the end of 1987.

The deterioration of investment income that follows from this reduction would be at least \$35bn a year and could be as high as \$50bn, the OECD says. As a result, the real exchange rate of the dollar needed to improve the current account is substantially lower than it

would have needed to be in the early 1980s.

In addition, the US economy now has a higher rate of growth than most other OECD countries, and the dollar has a higher value than most other OECD currencies.

Against this background, Hong Kong, Korea, Taiwan, Korea and Singapore are expected to be better than the OECD expects, past deficits will have led to a reduction in net foreign assets of around \$500bn between 1982 and the end of 1987.

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High unemployment to go on in Europe

EUROPE'S HIGH unemployment rates will change little in the next 18 months, the OECD reports, while Japanese joblessness is likely to rise.

Employment in the OECD countries continued to grow last year at a rate of about 1 per cent a year, while the labour force grew more slowly. The organisation sees the average rate of unemployment stabilising at around 6½ per cent over the next year and a half, corresponding to 31m people out of work in the OECD area by the end of 1987.

For the US, the report projects employment gains of about 2 per cent a year and weaker labour force growth. As a result, the unemployment rate is expected to decline to 6½ per cent in the second half of 1987. In Canada, too, unemployment is expected to fall further.

Europe, however, will see gains in employment broadly matching the increase in the workforce. The unemployment rate may therefore stabilise at around 11 per cent over the next 18 months, meaning more than 19m

people unemployed in the second half of 1987.

West German unemployment may fall slightly this year and next, while in the UK, Belgium, Spain and Ireland it may not decline until 1987. France, Italy, Austria, Finland, Greece and Turkey are expected to see continued increases in unemployment.

The position in Japan is expected to worsen slightly as manufacturing has a continuing rise in employment associated with strengthening output growth may not be enough to absorb the steady increase in the workforce.

The report notes that the gap between the rates of job creation in manufacturing and service industries has grown wider. The service sector has absorbed not only new entrants to the labour force but also those who have lost industrial jobs, who would generally be less attracted to service jobs because of the relatively low rates of pay.

West Germany and the UK have the weakest records of job creation in the service sector, the OECD says.

UK warned about impact of rising wages on exports

BRITAIN'S five-year economic recovery looks set to continue through the next 18 months, even though the pace of recovery seems to have slowed, the Organisation for Economic Co-operation and Development reports. The main problem for the UK, however, remains the growth in labour costs.

"Inflation is unlikely to fall much further until there is some moderation of wage behaviour, which has not happened despite high unemployment," the OECD says. "Consumer price inflation could be down to an annual rate of as low as 3 per cent in the second half of 1986, but any durable reduction will require progress in reducing the wage cost element."

The report warns of a slowing in output growth to a rate of around 2½ per cent with only a marginal fall in unemployment from its peak levels. In addition, unless the rise in unit labour costs comes down, British exports will become less competitive if the Government sticks to the policy of keeping the pound strong.

Full entry into the exchange rate mechanism of the European Monetary System looks more likely, the OECD concludes, especially given the UK's reduced dependence on oil. Even if that does not occur, it says, the authorities may well attempt to shadow the movements of the EMS currencies.

The report says it is still too early to judge how Britain's economy will react to lower oil prices, but that there are signs that the adjustment will occur with less disruption than once feared.

It warns, however, that losing half the value of North Sea oil production through lower prices may be easier to weather than the eventual drop in oil produc-

tion itself, since it leads to lower inflation and a real income gain for consumers.

Strong wage growth and the fall in inflation may boost real personal disposable incomes by as much as 4 per cent in 1986 and a further 3 per cent in 1987, the OECD says, leading to substantial growth of consumption averaging 3½ per cent a year over the next 18 months.

Exports, which are expected to grow rapidly in the first half of this year with oil exports at record levels, may ease off significantly as the UK's international competitiveness declines. Imports, meanwhile, are expected to rise from now on at a rate of about 5 per cent a year.

Compaq beats Apple record for fastest entry to Fortune 500

COMPAQ COMPUTER have run away with rival Apple computer's record for making the Fortune 500 in the shortest time ever. Compaq entered the list at 463 after only four years whilst Apple took five.

"Compaq made it to the list faster than any company in the 32 years since we've been recording corporate performance," confirmed editor of Fortune magazine James B. Hofer.

High demand for Compaq PCs has sustained dizzy profit growth even by silicon valley standards. In the last two years, net income has jumped from \$4.7 million to \$26.6 million.

Their performance is particularly marked after another mixed year for the computing industry (where profits fell by 6.2%). Only the hungrier corporations have achieved marked growth.

President of Compaq Rod Canion explained, "We have worked very hard to build the kind of company that can continue to respond quickly to the needs of the marketplace and yet have the size and capability of a major international corporation."

Compaq also holds the record for the fastest company start up in US history. By the end of its first year, sales had hit a record \$111.2m.

Sorry, old fruit.

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OVERSEAS NEWS

Soviet Union fails to draw PLO factions together

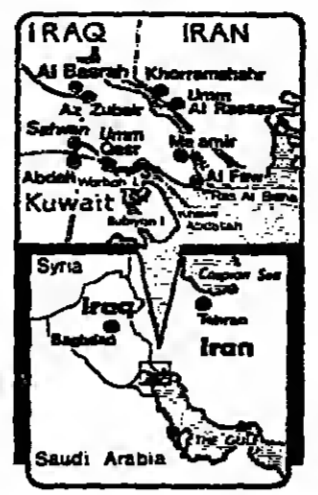
BY TONY WALKER IN DAMASCUS SOVIET ATTEMPTS to encourage reconciliation in the splintered Palestine Liberation Organisation appear to have failed.

Five soldiers die in south Lebanon

By Andrew Whitely in Tel Aviv FIVE MILITAMEN including a senior officer from the Israeli-backed South Lebanon Army, were killed yesterday near the town of Nabatieh in southern Lebanon.

Iraq acts to boost flagging morale

JUST A few days into the holy fasting month of Ramadan, Iraqi armed forces crossed the Iranian border for the first time since 1982.



has been the largest ever mobilisation the country has seen involving one-fifth of all civil servants, women, members of parliament and senior government officials.

Australian economy contracts

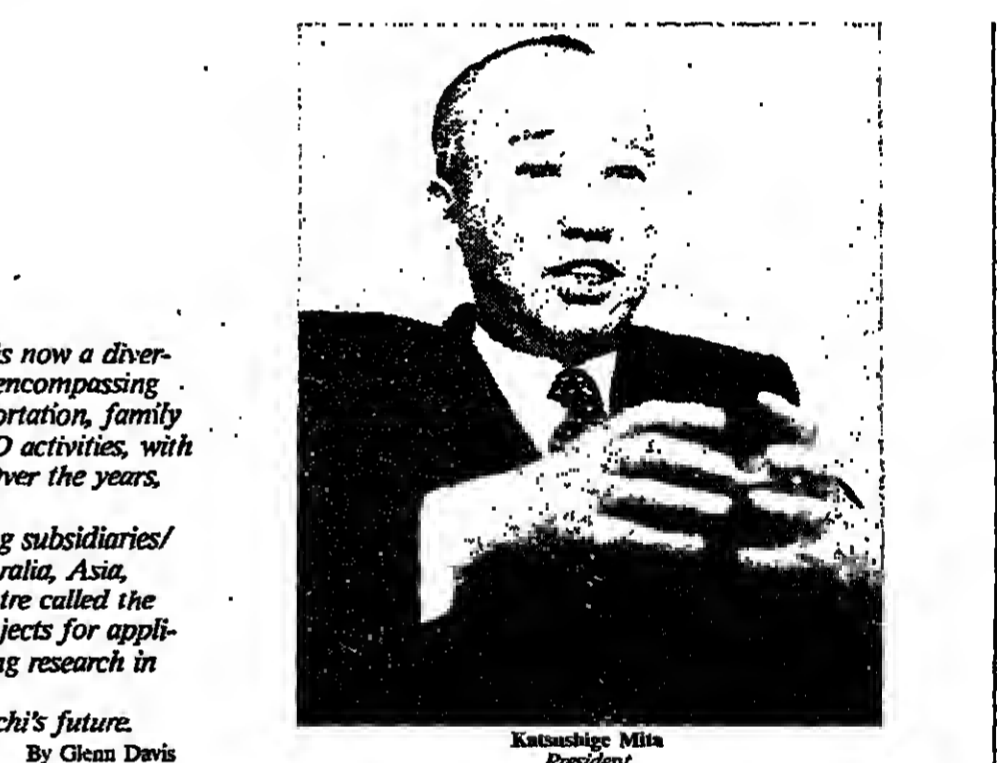
By Emilia Tagaza in Canberra AUSTRALIA'S gross domestic product fell in the six months ended March 31 mainly because of high domestic interest rates and a sharp deterioration in the country's terms of trade.

Lagos bans demonstrations in wake of student protests

NIGERIA'S military government has ordered a national ban on demonstrations in a bid to curb violent unrest over the shooting dead by police last week of at least 19 university students in the northern city of Zaria.

HITACHI: Progress Through Research

Starting off from an electric repair shop founded in 1910, Hitachi, Ltd. is now a diversified industrial complex churning out more than 20,000 different products encompassing such fields as communications and data processing, energy, industry, transportation, family life, science, and more.



By Glenn Davis

Syria sets date for oilfield

A NEW Syrian oilfield pumping light quality light crude will begin producing about 50,000-60,000 barrels a day by the end of the year, according to oil industry officials in Damascus.

Indonesia faces severe downturn

INDONESIA'S economy will contract this year for the first time in 28 years because of the drastic fall in world oil prices.

Foreigners accused of helping Burma insurgents

SOME "white" foreigners had been helping ethnic Karenni insurgents in eastern Burma near the Thai newspaper reported.



Rangoon Government. Its declared motive is to carve out an independent state for the 170,000 Karenni and Kayah minority people who inhabit the 4,500-square mile mountainous segment of east Burma.

Davis: Would you say that your overseas strategy is changing with the vastly changed landscape of international business today?

Expanding Overseas Production

Miya: In the face of worsening trade friction and the high yen, we have continued to reinforce overseas production and technology exchanges in ways which best match the requirements of the countries concerned.

Hitachi also offers more job opportunities as we expand production overseas. At present, we employ about 30,000 persons around the world.

Hitachi is also stepping up international collaboration. In the United States, for example, we have a joint venture company with General Electric in Atlanta, Georgia which manufactures circuit breakers for the American industrial product markets.

Procurement From Abroad

Miya: Our overseas investments have largely been centered on the developing countries up till now in order to reduce

production costs but Japan's current trade imbalances with the developed countries has caused us to switch the focus of our overseas investments.

More than 10 per cent of all our procurements are made overseas through our head office's International Procurement Centre and through purchasing centres located in the United States, Europe and Southeast Asia.

These figures do not count our trade missions dispatched abroad periodically. For example, we imported \$260 million worth of products and materials from the United States the year before last and that figure rose to some \$350 million last year.

There are many excellent products in the United States and Europe that we would like to purchase since they cannot be found in the Japanese market.

Entering VAN Markets

Miya: Hitachi is utilizing its across-the-board strengths in electronics technology to move ahead with product development, especially digital transmission and related devices and equipment.

Hitachi and Tymmet of the United States have reached an agreement to extend international VAN services.

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Hitachi Europe Ltd. in London and its de facto marketing and sales office in Düsseldorf (Hitachi Europe GmbH) represent Hitachi, Ltd.'s operations and interests in Europe.

Our biggest challenge from now on in this field will be to come up with the technology required for establishing competitive VANs on an international scale.

Our export prices will have to be raised but this will be at least partially offset by reduced import prices.

What is your own personal approach to management philosophy and how does it relate to operating this company?

Miya: I believe that companies should not be established only for the purpose of making money but should contribute something special to posterity.

What is your own personal approach to management philosophy and how does it relate to operating this company?

Miya: I believe that companies should not be established only for the purpose of making money but should contribute something special to posterity.

Hitachi Europe Ltd. in London and its de facto marketing and sales office in Düsseldorf (Hitachi Europe GmbH) represent Hitachi, Ltd.'s operations and interests in Europe.

Hitachi Europe Ltd.

Hitachi Europe Ltd. in London and its de facto marketing and sales office in Düsseldorf (Hitachi Europe GmbH) represent Hitachi, Ltd.'s operations and interests in Europe.

increased although they have already surpassed an annual \$1 billion, larger even than our company's net profit.

The profile and corporate policy of Hitachi Europe Ltd.



Hitachi Europe Ltd. in London and its de facto marketing and sales office in Düsseldorf (Hitachi Europe GmbH) represent Hitachi, Ltd.'s operations and interests in Europe.

As such, Hitachi Europe's activities (marketing and sales, financing, and technical support services) cover a wide range of products, including mainframe computers and peripherals, communications equipment, office and factory automation equipment, power and heavy machinery, environmental control equipment, automobile components, industrial equipment such as inverters and robots, and air conditioners.

In addition to the above functions, Hitachi Europe has been acting as Hitachi's representative in Europe to coordinate between European companies and any division of the Hitachi organization.

One of Hitachi's mottoes is: "We must contribute to the benefit of each local community through our activities." This was advocated by Namihei Odaiba, Hitachi's founder, 75 years ago.



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AMERICAN NEWS

Robert Graham assesses the aims and character of Mr Virgilio Barco Calvinist who would rebuild Colombia

MR Virgilio Barco, the new president-elect of Colombia, is a tough, self-effacing man with a distaste of improvisation or unnecessary comment.

Even when he acknowledged his sweeping victory in Sunday's election, Mr Barco's first public statement was low key: "I'm not going to savour victory but instead I will rebuild Colombia."

His no-nonsense approach to the presidency reflects a US-educated belief in hard work and careful planning. Advisers talk of a "Calvinistic streak" in the 55-year-old president-elect.

Although Mr Barco does not take office until August 6, the preparations for the handover have been immediate. On Sunday night the out-going president Mr Belisario Betancur handed over a 42-page background briefing — a gesture which underlines a scrupulous respect for the smooth transfer of power.

Mr Barco will begin with a large margin of political and economic manoeuvre, far greater than that of his predecessor. Mr Betancur inherited an economy laid low by foreign debt and suffering the worst effects of lower commodity prices, especially Colombia's lifeline, coffee.

Colombia also then faced a growing threat from four left-wing guerrilla groups who enjoyed considerable public support.

President Betancur had

neither control of Congress nor the full support of the Conservative party, nor indeed a very comfortable margin over his liberal opponent. In contrast Mr Barco, by winning 59 per cent of the vote, has a much more substantial popular mandate. He also inherits a Congress controlled by the Liberal party.

The peace process set in motion by Mr Betancur, of trying to negotiate with the guerrillas, has not been wholly successful. But the largest guerrilla group, the FARC, has accepted a truce and even fielded a candidate under a new left wing party in the presidential elections. More importantly, by refusing a generous offer of dialogue, the guerrillas have been marginalised, thereby providing greater legitimacy and greater support for military action.

Economically, Colombia is in far better shape than four years ago. Thanks to a tough austerity programme, applied over the last two years, the economy is entering a period of renewed growth. Projections of growth for this year are as high as 4.5 per cent. Colombia is also benefiting from windfall coffee profits. (Coffee sales are expected to double the 1985 figure of \$1.5bn. With international reserves projected to rise \$900m to \$3bn, Mr Barco will have a greater margin for manoeuvre in economic policy than probably any other Latin American leader.

Mr Barco is committed to break the mould of politics that is controlled by the Liberal and Conservative parties. In particular he wants to change the consensus politics that emerged from the fierce internecine violence of the late 1940s and early 1950s.

This consensus was embodied in the constitution and meant that although elections provided alternating parties in power, defeated parties were nevertheless brought into government. The pact lasted for 16 years and formally ended in 1974 but has continued informally ever since.

Mr Barco says he intends to change the constitution and ensure his government is clearly Liberal. He believes Colombia is politically mature enough to

Mr Virgilio Barco, Colombia's president elect (right) takes office on August 6. Committed to ring the bells of change in almost every sphere he will be helped by a substantial popular mandate and an economy entering a period of renewed growth.



tolerate a clearly defined opposition. However Mr Barco is part of the political establishments he is attempting to shake up and the task may not prove so straightforward.

Although Mr Barco has been highly critical of President Betancur's policy of trying to persuade the guerrillas to lay down their arms through peace talks and an amnesty, he is unlikely to change this radically.

One of Mr Barco's main electoral promises is to tackle Colombia's 13 per cent unemployment and provide large-scale low cost housing against a more general aim of establishing a better system of income distribution.

But Mr Barco does not believe in increasing public expenditure and caoot im-

mediately raise taxes, which are already high by Latin American standards.

His main hope is to attract more private investment, especially into agriculture and agro-business.

Dealings with the international financial community in particular the International Monetary Fund, are expected to be more orthodox. Mr Barco does not share President Betancur's political distaste for the IMF. He believes Colombia achieved very little in its elaborate ballet of negotiations in 1984-85, whose net result was the Fund's acceptance to monitor economic performance without submitting the economy to a formal programme.

In the international field Mr Barco does not share President Betancur's enthusiasm for the Cote d'Ivoire peace process in Central America. He is closer to President Ronald Reagan's dislike of the Sandinista regime in Nicaragua and more generally does not identify with the outgoing president's "Third World" approach to international affairs.

Certainly Mr Barco is committed to ring the bells of change in almost every sphere. The principal uncertainty in his performance centres on whether he will display the political flexibility so necessary to a country with strong regional loyalties and powerful figures that wield the corrupting influence of drug money.

Opposition sweeps to power in Barbados

By Tony Crozier in Barbados

Mr Errol Barrow was sworn in yesterday as the new prime minister of Barbados after his opposition Democratic Labour Party (DLP) swept to a resounding victory in Wednesday's general elections.

The DLP won 24 of the 27 seats in the new house of assembly, leaving only three for the outgoing governing Barbados Labour Party (BLP) whose leader, Prime Minister Mr Bernard St John, and all his cabinet ministers lost their seats.

It was a triumphant return to power for Mr Barrow and his party which formed the government for two successive terms between 1961 and 1976. It was Mr Barrow who as Prime Minister led the island to independence in 1966 after more than 200 years of British colonial administration.

The extent of the DLP victory was a surprise. Opinion polls had given the party a 2 per cent advantage over Mr St John's party.

DLP promises to reduce taxation and the price of such basic amenities as water, electricity and petrol proved to be a decisive factor. Mr Barrow said his party would cut back on government spending and borrowing.

Sharp increase in US indicators raises hopes for growth

By Stewart Fleming in Washington

THE US index of leading indicators jumped 1.5 per cent in April, the strongest in a string of recent gains and one which will help to reinforce expectations that growth in the US economy will strengthen in the second half of the year.

The Commerce Department said the rise followed a revised March gain of 0.9 per cent, almost double the originally reported 0.5 per cent. The index had risen 0.8 per cent in February from a month earlier.

The April gain was the largest since June 1985, when it achieved 1.8 per cent and equaled the 1.5 per cent of October 1983.

Even Reagan Administration officials, however, are warning that after a lacklustre first quarter rise in real gross national product when involuntary inventory accumulation helped to boost the GNP statistics, the second quarter too is likely to be sluggish.

Mr Malcolm Baldrige, Commerce Department Secretary, said yesterday that although the leading indicators "continue to suggest a healthy economic climate ahead... I would like to see more zip in new orders." He pointed out that recent gains in the leading indicators have been heavily influenced by financial indicators such as the growth in the money supply and rising stock prices.

He went on to warn that in the second quarter growth may slow from the 4.7 per cent pace of the first quarter.

In April seven of the 11 available statistical series on which the leading index is based rose, but the sharpest increases were once again registered by financial data. In particular these reflected the stock market's rally and the rapid money supply growth.

New orders for consumer goods, which had fallen in the previous two months, also rose, an unexpected sign which private economists found encouraging. More worrying was the continued decline in capital equipment orders referred to by Mr Baldrige.

Mr Edward Djeranian, a White House spokesman, said the leading indicators amounted to a "clean sign" that the economy is not only quite healthy at present, but is poised to become even more robust in the months ahead.

Loans to S. America farmers sparks row

By Nancy Dunne in Washington

A ROW is brewing in Congress with both Republican and Democratic legislators upset over World Bank loans aimed at boosting global agricultural production.

At issue is a \$350m (£232m) loan made to Argentina in April, described as part of the Baker plan, which ties lending to the debtors' nations to economic reforms. The loan, supporting a reduction in export taxes on farm products and an increase in producer prices, would enable Argentina to earn an additional \$1bn a year in foreign exchange by 1989, the bank said.

A week after the loan was made, the bank approved a \$155m loan to Brazil for a project to increase agricultural efficiency. A \$500m agricultural sector loan to Brazil is expected to come up for bank approval at the end of this month.

By law, the US director to the World Bank is supposed to vote against a World Bank loan if it could result in injury to US producers. The US director approved the Argentine loan, just after the US dropped its price supports, believing that new surpluses would not drop the price lower than 5 per cent, the Treasury's standard of injury. The US director abstained on the \$155m loan to Brazil.

Two Republican senators, Mr Steven Symms of Idaho and Mr Don Nickles of Oklahoma, have introduced the Foreign Agricultural Investment Reform Act, which would tie reduce US contributions to the World Bank if it approves loans to expand farm exports and the US director votes against such loans. At least five other bills have been introduced to limit farm sector lending by the development banks for projects which would increase exports.

Sen Dan Quayle, an Indiana Republican, introduced a reso-

lution earlier this month, supporting development lending but opposing plans which aggravate US structural trade imbalances and inflame trade relations. Development projects, he said, should proceed at a rate "consistent with a country's ability to service these obligations."

The US agriculture lobby is leading the fight against new lending for agriculture. "The (development) banks have learned that they can't foreclose on a country, but they can foreclose on the farmers," says Mr John Baise, vice-president of the American Soybean Association.

The National Association of Wheat Growers and the US Wheat Associates wrote to both the secretaries of Agriculture and Treasury to complain that the US, through its contributions to the bank, is supporting the expansion of its principal competitors.

"Our farmers" the groups said, "cannot ignore the terms of this (Argentine) loan: 15 per cent interest, three years' grace period with variable interest rate which is currently 15 per cent. There are thousands of American farmers (who pay interest of about 12-14 per cent) who would love to have terms such as this for their own operations."

Mr David Mulford, assistant Treasury Secretary, replied to the farm leaders, telling them that the Treasury had approved the Argentine loan because "the funds will not be used for agriculture per se."

The loan was also opposed by the USDA. In a letter to the American Soybean Association, Mr Daniel Amstutz, USDA under-secretary, said the department had opposed the loan because the expressed purpose was to increase Argentine agricultural production and exports.

Talks on Contadora peace treaty adjourned

THE LATEST round of talks by the Contadora group aimed at reaching agreement on a Central American peace treaty was adjourned yesterday with no date set for a new session but an agreement to continue to continue. AF reports from Panama City.

The deputy foreign ministers of the four Contadora nations—Mexico, Panama, Venezuela and Colombia — and their five counterparts from Central America reported some progress.

But they released no details on the arms limitations discussions that started in Panama City on Tuesday or whether an extension of a June 6 deadline set for signing a Central American treaty would be granted.

Mr Francisco Villagran the Guatemalan Deputy Foreign Minister, said there were "interesting elements" and "positive" results.

The meeting was adjourned "to analyse carefully the discussions" on arms limitations, manoeuvre and troop strength, he said.

Earlier this year, the Foreign Ministers from the Contadora countries said that June 6 would be the deadline for producing a treaty in the negotiations that started in January 1983.

Central American presidents meeting last weekend in Esquipulas, Guatemala, claimed the June 6 target date was unrealistic.

Ontario doctors launch strike over fees plan

BY BERNARD SIMON IN TORONTO

THOUSANDS of Ontario doctors began a two-day strike yesterday as part of their escalating protest against government plans to bar them from charging higher fees than those prescribed by the provincial health plan.

The 17,000 doctors argue that the proposed prohibition of what is known as "extra-billing" will lead to greater government control over the province's health care system, which is widely regarded as a model of efficiency and quality.

Only about 12 per cent of doctors presently charge patients higher fees than they receive from the government-subsidised Ontario health insurance plan, but they include many of the most respected specialists. Some opponents of the ban on extra-billing have threatened to move to the US if a law before the provincial legislature is passed.

The provincial government led by Mr David Peterson says that the measure is designed to provide equal access to affordable medicine. By confounding extra-billing, Ontario also forgoes C\$1m (£488,000) in federal subsidies. Only three of Canada's ten provinces still allow doctors to charge what they like.



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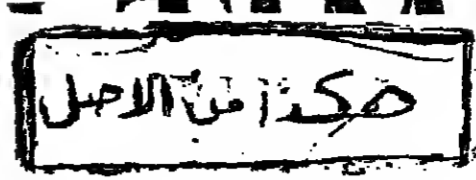
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WORLD TRADE NEWS

Paris concern over projects with Bonn

BY DAVID MARSH IN PARIS

DIFFERENCES over the objectives of several Franco-German projects are starting to cause concern in Paris. The list of projects over which differences between Bonn and Paris have caused delays includes plans to build a joint anti-tank helicopter, the Hermes space aeroplane, and a second full-size European fast-breeder reactor.

Mr André Giraud, the new French Defence Minister, recently gave the clearest indication yet from the French side of difficulties over the military helicopter when he said the project at present was too expensive. Making clear the urgency of efforts to redraw the project, Mr Giraud said the objective of common armaments programmes was to lower costs, not increase them.

Uncertainties have been compounded by the desire of German industrialists and Government officials for a more important stake in the range of aerospace and armaments joint ventures which have been developed between the two countries. For instance, the West German aerospace equipment industry has built up its share of the sophisticated electronics and other equipment on the European Airbus to 25 per cent of the total for the narrow-body A-320 now under construction.



Mr André Giraud

Airbus's chief executive says: "We have always felt an equal partner to the French. Ideally, he says, the German share of electronic and equipment systems on board the next generation Airbus should rise towards the German share in the project as a whole.

Washington, Tokyo set for new chip talks

By Carla Rapoport in Tokyo

DETAILED negotiations on US-Japan semiconductor trade are expected to start next week between Mr Mike Smith, the Deputy US Trade Representative and Japan's Vice-Minister for Trade and Industry, Mr Kazuo Wakasugi, following an agreement in principle between the US and Japan on the long-running chips dispute.

Sharp fall in Japanese export contracts

By Carla Rapoport in Tokyo

EXPORT contracts by Japan's 13 major trading houses fell to their lowest monthly level since May 1979, in April, according to Japan's Foreign Trade Council.

French in secret Sleipner gas talks

BY FAY GJETER IN OSLO

SECRET TALKS about the sale to France of gas from Norway's Sleipner Field have been in progress for almost a year, paralleling the widely-publicised negotiations about an export agreement with continental buyers covering gas from the even larger Troll Field.

Engine order won by IAE

By Michael Donne, Aerospace Correspondent

INTERNATIONAL Aero-Engines, the five-nation consortium building the V-2500 engine in which Rolls-Royce has a 30 per cent stake, has won a £13.3m contract from Trans Australia Airlines to supply spare engines for that operator's forthcoming fleet of European A-320 Airbus.

W. Germany eases curb on Italian wine sales

BY JAMES BUXTON IN ROME

WEST GERMANY has acted to ease restrictions on the sale of Italian wine imposed in the wake of the poison wine scandal which broke last March.

Pacific Dunlop China ventures

PACIFIC DUNLOP, a diversified Australian tyre and rubber goods manufacturer, has signed three joint venture agreements with China, AP-DJ reports from Sydney.

UK companies 'have chance to sell to Japan'

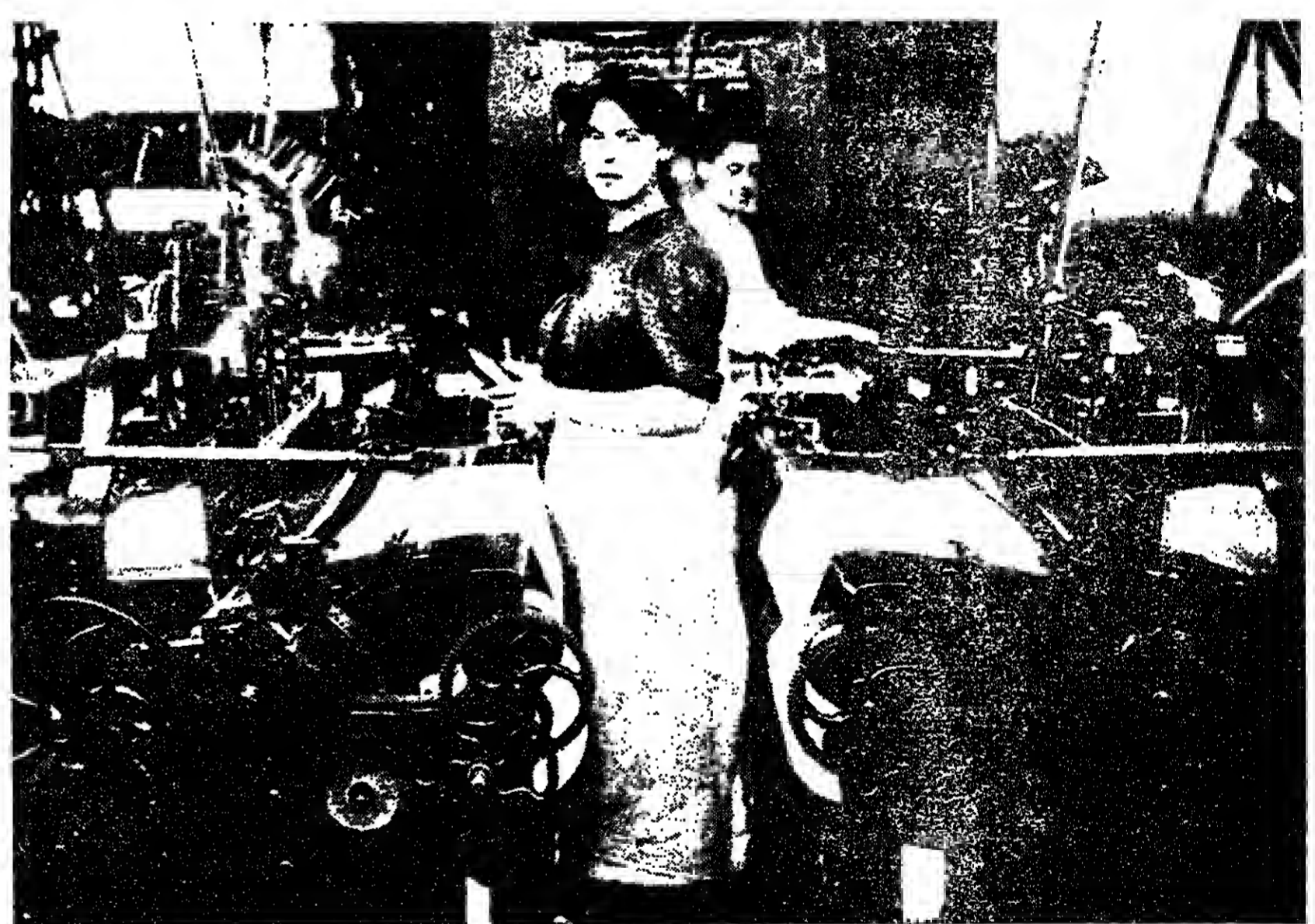
By Jurek Martin in Tokyo

SMALL and medium-sized British companies have "a glorious opportunity" to sell to Japan, according to Mr David Trippier, the UK Minister with special responsibility for small enterprises.

Seoul may scrap LNG pact

BY STEVEN B. BUTLER IN SEOUL

SOUTH KOREA has hinted it might scrap a 20-year liquefied natural gas contract with Indonesia, if Indonesia does not agree to bring export prices closer in line with world market prices.



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Vertical text on the left margin: 'Increase in US raises growth', 'S. America sparks row', 'Continued', 'any admitted', 'Action taken', 'in the plan'.

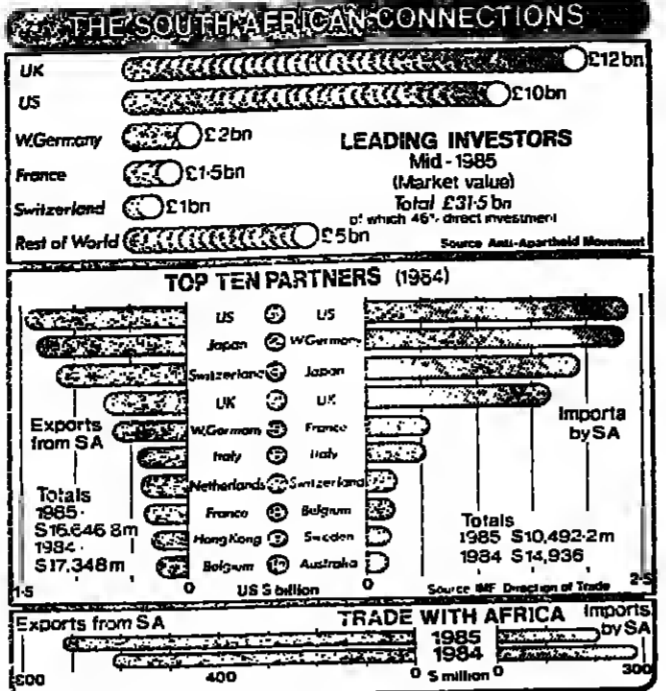
OVERSEAS NEWS

Sanctions lobby awaits Botha's next political move

White S African miners accept 15.1% pay increase

Michael Holman reports on growing international pressure for economic isolation of Pretoria

Sanctions lobby awaits Botha's next political move



Of all the boycotts the sporting isolation of South Africa has been among the most effective...

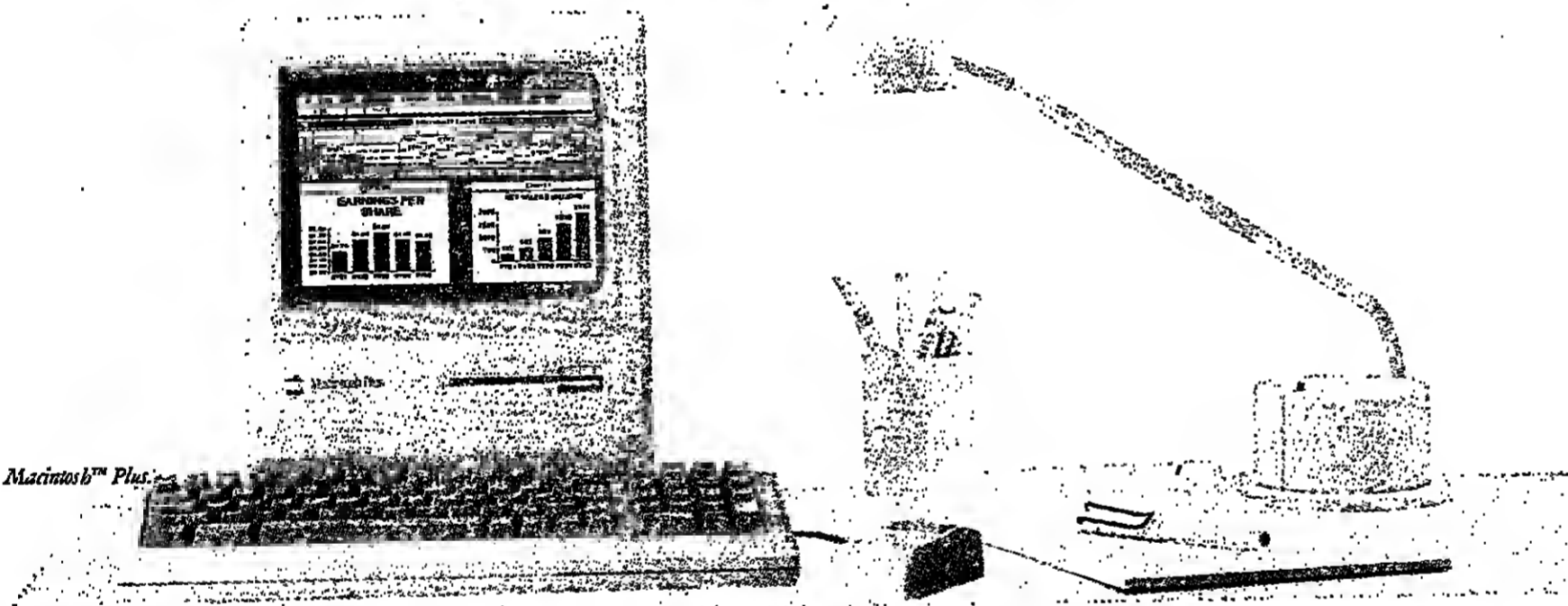
This forced Pretoria to freeze repayments of its \$14bn (R3bn) external debt and begin a rescheduling exercise.

White S African miners accept 15.1% pay increase

BY JIM JONES IN JOHANNESBURG

Sierra Leone poll fears

Like most mountains, a mountain of figures can obscure your horizons.



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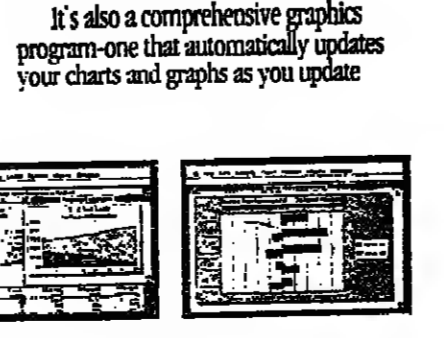
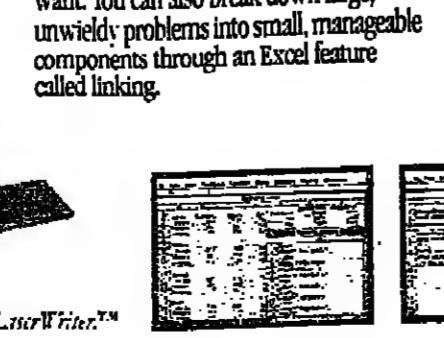
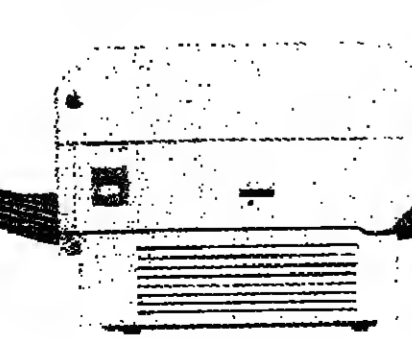
your spreadsheets. With over 42 different styles of pie charts, bar graphs, column, area, scatter and line charts.

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New Woolwich Interest Rates

Table of interest rates for various account types: SHARE ACCOUNTS 5.25% 7.39%, CASHBASE ACCOUNTS 5.75% 8.10%, PRIME ACCOUNTS, CAPITAL ACCOUNTS 7.80% 10.99%, MORTGAGE RATES 11.00% 7.81%

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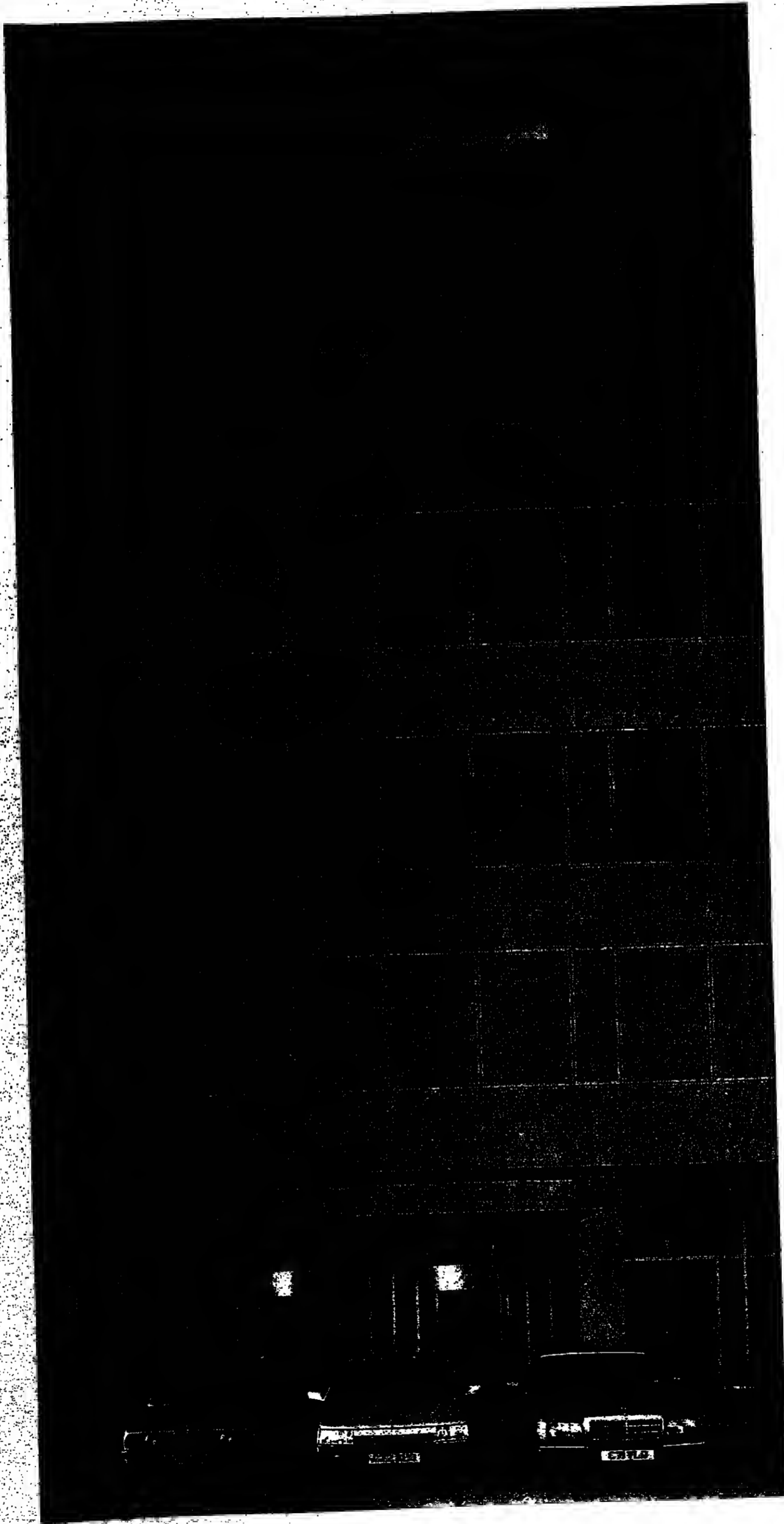
Table of BASE LENDING RATES for various banks and financial institutions.

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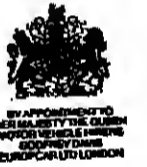
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UK NEWS

Aviation chief calls for expansion of London area airports

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRPORTS in the London area will need additional runway capacity before the end of this century and the Government should start now on planning to meet that need, to avoid congestion and confusion later.

This view is expressed by Sir John Dent, retiring chairman of the Civil Aviation Authority (CAA), in a letter to Mr John Moore, the Secretary for Transport. It accompanies the CAA's recommendations on how to handle the future distribution of air traffic in the London area.

Sir John said 'wasteful thinking should not be allowed to delay decisions to cater for airport needs of the late 1990s and beyond.'

Air traffic in the London area, currently running at about 50m passengers a year, is forecast to rise to about 60m by the end of this decade. It is expected to reach well over 70m a year by the mid-1990s and perhaps as much as 118m a year by the end of the century.

The CAA was asked last year by Mr Nicholas Ridley, then Transport Secretary, for advice on how to handle the distribution of air traffic between the main airports - Heathrow, Gatwick and Stansted - in order to maximise their development within the restrictions laid down by the Government.

These included no second runways at either Gatwick or Stansted, but approval for the fourth terminal at Heathrow (now open), a second terminal at Gatwick (to open in 1988), and redevelopment of Stansted to cater for 7m to 8m passengers a year (to be ready by 1990).

A fifth terminal at Heathrow is still an option for further consideration if traffic demand at that airport requires such a development. The CAA makes clear in its report that its present recommendations for distributing traffic between the three airports are not as satisfactory as it would like them to be, because of environmental and other restrictions imposed on civil aviation.

It suggests a limit, but not a complete ban, on charter flights at Gatwick during peak hours; the removal of some domestic services from Heathrow to Gatwick; restrictions on business aviation, air taxis and all-cargo flights at peak hours at both Heathrow and Gatwick; and if those measures are not enough, perhaps a restriction on some international services from Heathrow.

Sir John points out that such measures are 'barely tolerable' to the travelling public and the airlines. 'The restriction and displacement of air services will, at the least, cause inconvenience to a number of scheduled service passengers, most of them travelling on routes from the more remote parts of the country, as well as to a larger number of charter passengers in the south-east of England.'

'It will also mean financial disadvantage, in some cases severe, for some of the operators affected, both scheduled services and charter. General aviation, too, will face more difficult times at Heathrow and Gatwick than it does even now.'

Sir John says that it is clear that what the CAA recommends 'is no more than a palliative, and possibly a short-term palliative at best' to the problem of growing air traffic in the London area. 'No amount of research or radical changes in air traffic control would make it possible for the existing runway systems at Heathrow, Gatwick and Stansted to accommodate more movements than could be foreseen.'

The fall in the number of US visitors to the UK so far this summer has cut the numbers of passengers handled by London's airports, although elsewhere the volume of traffic remains high. The British Airports Authority says that in March and April combined, the number of passengers handled at Heathrow, Gatwick and Stansted, gained only 0.5 per cent, as a result of falls in traffic of 2 per cent at Heathrow and 7.8 per cent at Stansted. Only Gatwick showed a gain in the period.

Air Traffic Distribution in the London Area. CAP 522, available from the Civil Aviation Authority, London, E2.

Size of shipping fleet 'will decline further'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITAIN'S merchant shipping fleet would shrink to virtual insignificance by the mid-1990s unless the Government took action, Mr Garry Runciman, the new president of the General Council of British Shipping (GCBS), said yesterday.

The UK fleet has fallen to just over 15m deadweight tons from a peak of 50m dwt in 1975. Mr Runciman said a further decline was inevitable. As in previous years, the GCBS is calling on the Government for supportive measures but not subsidies.

In his first address to the GCBS as president, Mr Runciman asked: 'Is the Government indifferent to what is happening? Or does it believe that there is a minimum below which the UK-owned and registered fleet must not be allowed to fall?' He said the GCBS had tabled amendments to the Finance Bill that would, if passed, restore the

facial advantages which had been removed in recent budgets. But he said: 'If nothing is done, the UK-owned and registered fleet will by 1995 have shrunk to almost total insignificance, except in one or two specialist fields.'

Apart from the UK-owned tonnage sailing under the UK flag, he noted that about 8.5m dwt was being operated under foreign flags. The continued decline of the UK flag fleet he said, would result from owners selling off ships they could no longer run profitably and from a continued 'move' to cheaper overseas registries.

The present surplus of world merchant tonnage totalled between 100m and 150m dwt. At the moment, ordering of new ships by UK shipowners was negligible, Mr Runciman said. Only about 250,000 dwt was being built for the UK fleet.

Customer interests are 'ignored' by companies

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

COMPANIES which sell faulty goods, break delivery dates and ignore after-sales service, were strongly criticised last night by Mr Michael Montague, chairman of the National Consumer Council.

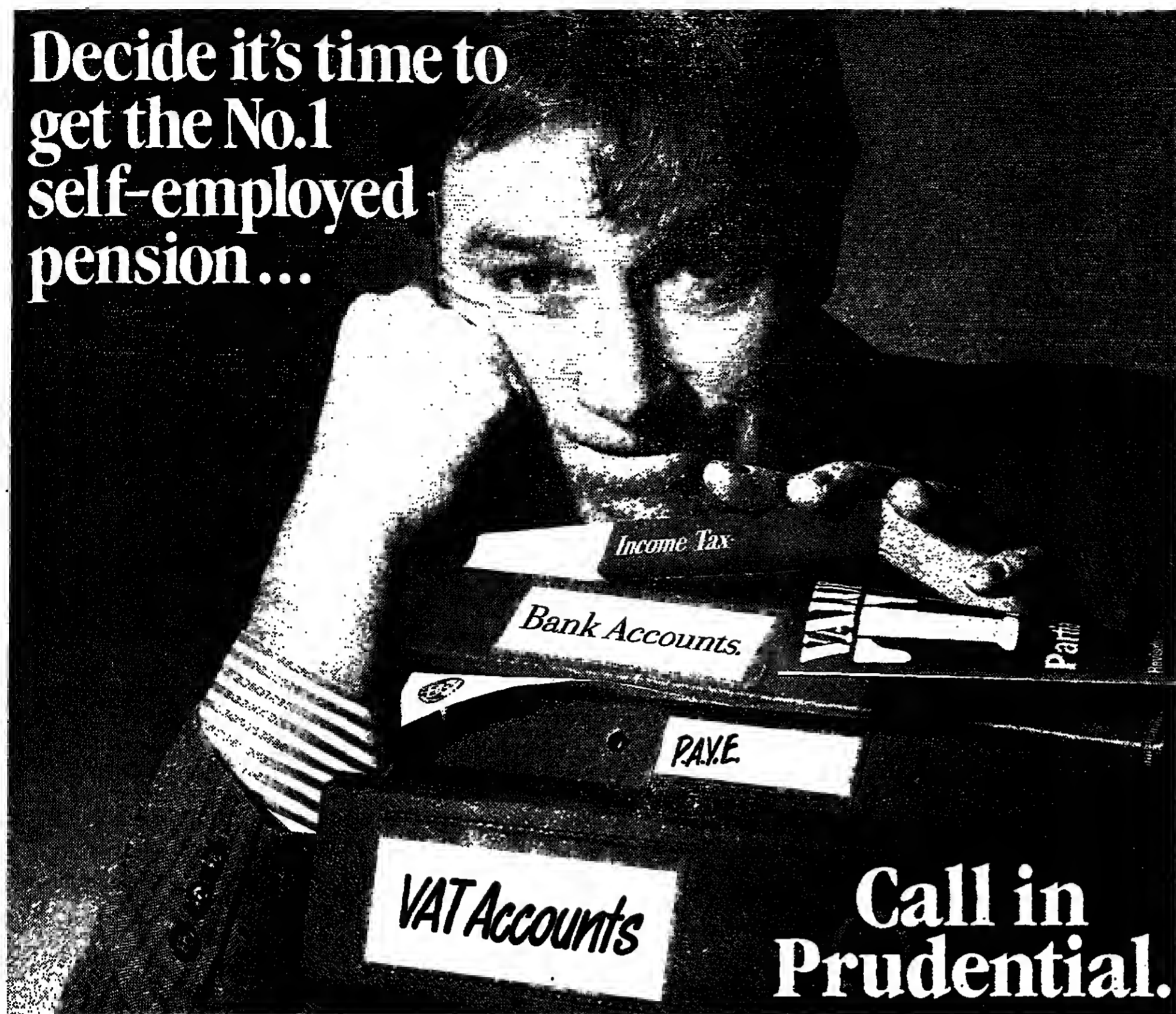
Speaking at Oxford Polytechnic, he said that industry was suffering because it concentrated too much on production criteria and not enough on consumer considerations.

'Losing consumer support can be commercially terminal', he said. 'The motorcycle industry and typewriter industry both found this out the hard way.'

Many companies had a 'slippy' attitude towards consumers. 'There cannot be a consumer in the land who has not waited in vain for a new three-piece suite to arrive or a plumber to put in an appearance,' he said. 'It defeats me how companies can put such a high value on their time and so little value on the time of the average consumer.'

Foreign suppliers were more geared to meeting the servicing needs of consumers because they were physically divorced from the UK market. 'It is ironic that some firms in this country have better organised service arrangements overseas than they do at home,' he said.

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سكوت من الامم

UK NEWS

Sizewell reactor 'vital' to power plant industry

BY MAURICE SAMUELSON

A DECISION on whether Britain should go ahead with construction of the Sizewell B nuclear power station - a pressurised water reactor - on England's east coast, is crucial to the short-term prospects of the country's power station building sector, according to a memorandum submitted to the National Economic Development Council (NEDC).

Dr Eric Booth, chairman of the NEDC committee on heavy electrical machinery, says a lack of new power station orders is sapping the manufacturers' strength and technical abilities.

He warns that delays in ordering new generating capacity could mean that substantial imports of plant may be necessary when orders finally arrive.

Although compiled before the Chernobyl nuclear disaster, the memorandum demonstrates growing anxiety that public opinion may be moving against the extension of Britain's nuclear generating capacity.

It is published against the background of Britain's need for more generating capacity in the early 1990s and the Central Electricity Generating Board's (CEGB) wish to build eight new power stations by the end of the century. If the PWR is overruled, the CEGB says it will proceed with other forms of nuclear plant or additional coal-fired capacity.

Dr Booth warns that the industry would have to reduce employment again and consider restructuring "should orders fail to materialise in the near future." His forecast has since been overtaken by last week's announcement of 800 redundancies

by Northern Engineering Industries on Tyneside.

The sector, comprising suppliers of power plant, transformers and switchgear, consists mainly of a few large companies and some 30 plants. Following the NEI redundancies, the workforce is down to 41,700 from 56,000 in 1978.

Nearly half of last year's turnover of £1,350m was exports. But with the world market also slack, there is severe price competition.

Over the last three years the UK's share averaged 10 per cent, compared with 14 per cent previously.

According to Dr Booth, the next few years' work in the home market will be "at a very low level," geared to plant refurbishment and spares, amounting to £100m a year. However, a favourable decision on Sizewell B would yield some £150m a year, rising to £200m with a second station.

From the early 1990s, forecast orders are at the rate of 2,000 MW a year, increasing to about 3,000 MW a year before the turn of the century.

The CEGB is expected to wait until the end of the year to see the outcome of the Sizewell inquiry. While officially optimistic that nuclear power will not be killed off by the Chernobyl accident, it is preparing to draw up alternative plans in case of a moratorium on PWRs.

If rapidly growing electricity demand forces the CEGB to build new plant quickly it is expected to begin with a coal-fired station consisting of 660 MW generating sets, like that being completed at Drax, North Yorkshire.

Europe advised to count cost of 'cautious' telecom policies

BY ELAINE WILLIAMS

RESTRICTIVE monopoly practices have cost European telecommunications authorities \$20bn a year in missed business opportunities and reduced the equipment market by up to \$30bn, Mr Malcolm Ross, telecommunications specialist, with consultants Arthur D. Little International, said yesterday.

Speaking at the Financial Times conference on Telecommunications and the European Business Market he gave a warning that Europe was likely to suffer further if it did not change its cautious telecommunications policies.

Fragmented national markets for telecommunications in Western Europe which supported domestic suppliers had led to a serious structural problem in the European manufacturing industry.

Mr Ross said that this situation was compounded by the dependence of telecommunications authorities (PTTs) on government funding and which prevented PTTs from "fully pursuing the opportunities open to them."

He called for speedy and effective changes in the relationship between governments and the PTTs to allow a response to present and future telecommunications needs.

He advocated that Europe's only hope was to follow the British example where deregulation has led to the emergence of a new range of service providers and a more favourable environment for venture capital investments.

Support of national suppliers had led to duplicated research in public telephone exchanges and lack of development in "tele-matics" - equipment which linked telecommunications to office automation and data processing products and services. Mr Ross estimated that market potential in equipment sales was be-

tween \$20bn and \$40bn a year by 1993 in the European Community.

Mr Ernst Weiss, director for administration in Europe of Data General and a former president of the International Telecommunications User Group, said that development in policy had lagged behind the technology. This had resulted in protection of domestic industry at the expense of increased costs to foreign companies because of telecommunications barriers.

Mr Weiss believed that there was a fundamental need for a free international flow of information which allowed companies to choose from any national or international telecommunications service. He said that pressure was already growing for such provisions from many international trade associations.

The effect of better international communications had already resulted in an increase in international trade in the service industries from \$80bn in the 1970s to \$620bn in the 1980s.

Mr Robert Bruce, former general counsel at the US Federal Communications Commission, and now a partner at Debevoise & Plimpton in Washington, said that if Europe wanted to learn any lessons from the US deregulation experience, then it should look not at the competition issue but at the regulations.

Europe would have to face a number of key issues such as the definition of services, market entry policies, pricing issues, access arrangements, a broad array of safeguards to ensure the development of fledgling competition and even issues of market fragmentation, which had already been addressed in the US.

Mr Bruce said that the most valuable lesson to be learnt from the US experience might be in the differ-

FINANCIAL TIMES CONFERENCE

Telecommunications

ence between the US and European markets, particularly the elements of the US equation that are missing in Europe such as regulatory mechanisms, dealing with the fragmentation of regulatory authority and developed policies for dealing with anti-trust or competitive issues.

Mr Henry Ergas from the Organisation of Economic Co-operation and Development (OECD) in Paris, emphasised that greater international competition was also dependent on encouraging the creation of international technical standards which allowed linking of telecommunications equipment.

He said that it was important that standards were genuinely open - that they neither "disturb the competitive process or close off the prospect for technical advance."

Mr Don Dutton, vice president of corporate markets at Mitel, the Canadian telecommunications manufacturer in which British Telecom recently bought a 51 per cent share pointed to the differences between approvals in North America and Europe. Companies trying to sell in the European market often faced lengthy equipment approvals.

Mr Dutton said that only in Italy, where there was relatively short approvals time, did the market attract a large number of competing companies. He also said that in the US

deregulation benefited manufacturers by opening up new business opportunities and lowered prices to customers. "We need to achieve a workable world telecommunications standard, focused on the needs of the customer," Mr Dutton said.

Mr Richard Hooper, chief executive of British Telecom's Value Added Systems and Services division gave a warning, however, that those who supplied value-added networks or information services in this market had to make a high capital investment before the revenue flowed in. They also faced increasing competition.

Mr Peter Smith, international communications manager at Reuters, said that his organisation spent £17m last year on advanced systems and equipment. "To maintain the growth of services and match the expanding subscriber base worldwide, we are in the final stages of testing a major new high-speed global communications network for the delivery of securities and foreign exchange and other databases," he said.

Reuters' biggest market was in providing information services to the financial sector, which was itself going through a major upheaval in the UK with deregulation of the City of London set for October 27 this year.

Mr David Fackels, marketing director of NIM Computers, which is a leading supplier of information technology to the City of London, saw the "Big Bang" as accelerating the growth of telecommunications networks. He believed that the future success of companies would be based on the efficiency and extent of their communications networks.

Hopes of devolution to Ulster may fade with Assembly

BY OUR BELFAST CORRESPONDENT

THE GOVERNMENT'S heavy hints that the Northern Ireland Assembly will soon be scrapped led one member of the New Ulster Party (NUP) to claim that it would be "the last nail in the coffin of democracy."

Such is the language of Ulster politics, but if the Assembly does go - and that looks almost inevitable - it will mark the burial of the Government's hopes of devolving powers back to a local administration, at least for the foreseeable future.

It would also kill off a system of security by committee which even the Assembly's detractors have been forced to admit was proving helpful in influencing the Government's treatment of Northern Ireland affairs.

The Assembly was given life under plans initiated by Mr James Prior, the former Northern Ireland Secretary, for "rolling devolution" through which powers could gradually be returned if there was sufficient "grass-roots" support.

But the Assembly was born as a sickly child. In the run-up to the October elections in 1982, the main constitutional nationalist party, the Social Democratic and Labour Party (SDLP), decided to run for the four seats but not to take them. Sinn Féin, the political wing of the IRA, also ran on an abstentionist ticket.

To many people this made a mockery of the Government's intention to seek agreement to devolution. Mr Prior had to concede that, for the time being, the Assembly could work only "in its limited form." He was ready to believe the SDLP might change its mind but the hope proved groundless.

In the elections the Official Unionist Party, led by Mr James

Molyneux, was returned as the largest party with 29 out of the 76 seats. The DUP won 21, the SDLP 14, the non-sectarian Alliance Party 10, Sinn Féin five and Independent Unionists two seats.

On November 11, 89 members took their seats. The opening session was hardly the dawning of a new era in Irish politics. The Assembly elected a Speaker (chairman) and the parties began trading over committee chairmanships.

Soon, however, the Government's approach changed fundamentally, with a recognition that rolling devolution would not roll without the SDLP and that progress might be made through a formation of links with the Irish Republic.

It was easy then for the critics to belittle the role of the Assembly but, putting aside its function as a vehicle for constitutional change, there were positive achievements. The work of the committees in particular won praise.

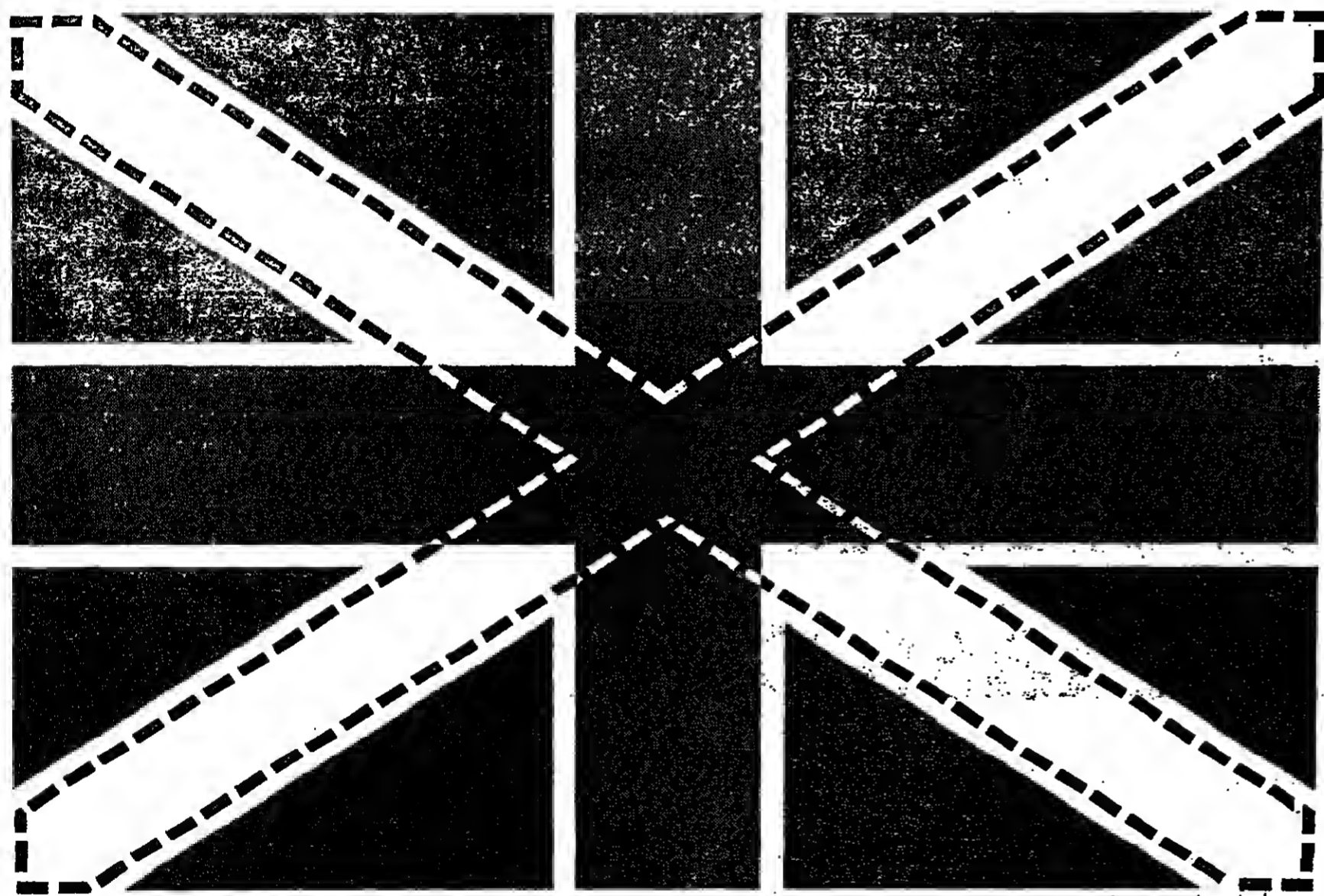
The signing of the Anglo-Irish agreement last November, however, was the signal for the Unionist romp to sweep aside the normal business and use the thrust to intensify its protest campaign against the accord.

Mr Tom King, the Northern Ireland Secretary, now sees little chance of a local administration arising from the Assembly. He says its debates did nothing to lessen tensions. Within weeks he is likely to wind it up to await fresh elections when the four-year term ends.

He wants the issue resolved before the Unionist summer marching season begins in earnest.

After that Northern Ireland looks set for another long spell of direct rule from Westminster.

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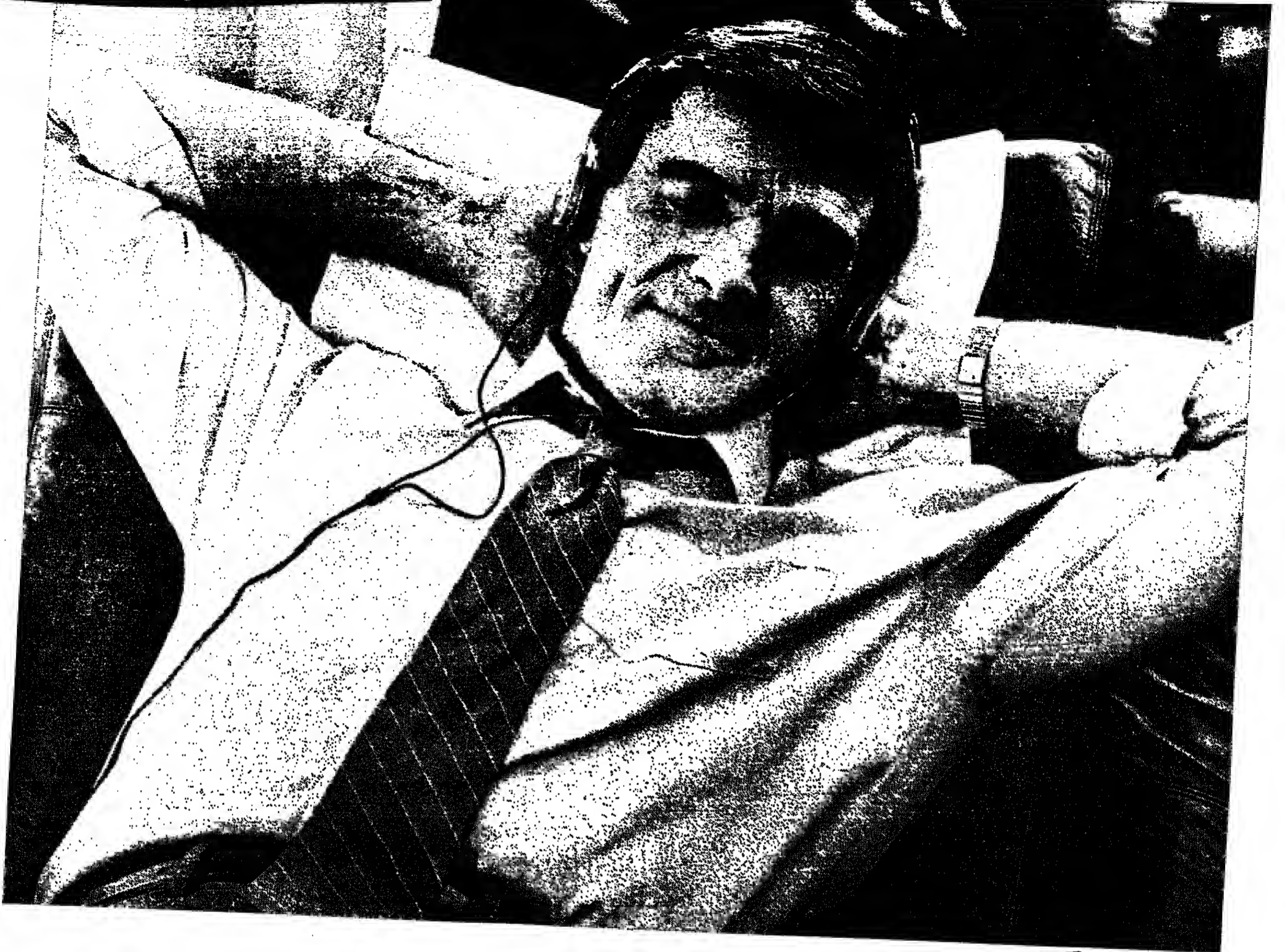
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Financial Times Friday May 30 1986

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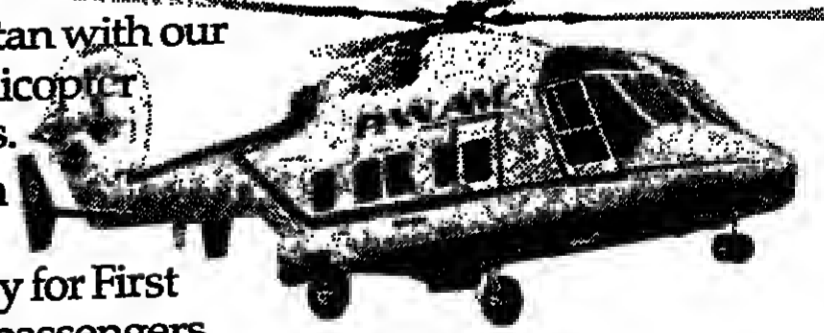
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THE MANAGEMENT PAGE

"YOU KNOW, we really enjoy building cars," said a smiling Werner Breitschwerdt, chief executive of Daimler-Benz, with boyish enthusiasm.

His remark, at an informal supper in Stuttgart this month, touched the heart of the conundrum which the company now faces as it agonises over how to control—and exploit—the remarkably rapid diversification on which it has embarked over the past 18 months through three major takeovers.

This would be a tall order for any company, even one far more practised in diversified acquisitions, and with much more experience of decentralisation. Unlike many large industrial companies outside West Germany, Daimler has so far eschewed industrialisation, and is still structured along functional lines.

The traditional obsession of Daimler's management with vehicle manufacture helps explain the company's extraordinary strength and profitability. It is undoubtedly one of the world's star performers in an intensely competitive industry. But this long-standing asset could now prove a major weakness as the company branches out swiftly into new fields as broad as aerospace and electrical appliances.

Cross-company synergy

To a considerable extent, Daimler's acquisitions of MTU (engines), Dornier (aerospace) and AEG (a wide range of electrical products) makes sense. As well as providing a new diversity to help Daimler compensate for downturns in cars and trucks, they could stimulate the sort of cross-company technological collaboration which would justify the overused epithet of "synergy". The company stands to gain both an insurance policy and a business catalyst, not unlike foreign rivals such as General Motors (which bought Hughes Aircraft and the EDS computer group) and Chrysler (which took over Gulf Aerospace).

That is the aim. The question is whether despite its excellence—indeed partly because of its excellence—Daimler has too narrow an experience and focus to make the best of its new potential.

The overt expression of the company's dilemma is the question of what sort of organisational structure should be erected to control the empire. The Daimler executive board is set up to deal solely with vehicle manufacture, sales and marketing (with just one member

responsible for the company's "other" industrial holdings). But behind this difficulty, which should be settled soon, lies a much more complex problem of psychology and history.

You do not have to be at Daimler-Benz for long to realise that it is not only for Werner Breitschwerdt that vehicle making is not so much a job as a passion and a way of life. You can sense it in the air, in the way people (not just top managers) talk about tradition and quality—even in the layout of the headquarters in the Stuttgart suburb of Unterturkheim. The centrepiece there is not the administration or factory building but rather the resplendent Daimler-Benz museum, where diligent cleaners armed with mops and dusters flutter among already spotless vehicles up to a century old.

The Daimlerites naturally show satisfaction (but no more than that) in announcing that group net profit rose last year by 52.4 per cent to DM 1.7bn (€500m)—a figure which in any case greatly understates the Daimler's true earnings strength. They also note, almost in passing, that demand for Mercedes cars in all model categories still exceeds supply—and that it is better to be "drawn on" by the market rather than to "push" it.

"Daimler never really had to sell its products," remarks a somewhat rueful executive in a rival concern. "It simply made things people wanted to buy." That judgment is somewhat exaggerated—witness the struggles of Daimler (and all other manufacturers) in the depressed commercial vehicle market. But it helps capture that sense of ease and assurance with which the Daimler enterprise, like its limousines, has generally travelled—so far.

Was there an economic recession in West Germany during the past decade? You will find little evidence of it in the accounts of the Daimler parent company, which show profits and the labour force increasing every year. Daimler, like its Unterturkheim home where vineyards reach almost to the factory gates, has the air of an oasis where business flourishes and jobs do not dry up.

Daimler-Benz

A change of gear but how to steer?

Jonathan Carr outlines the challenge facing the West German group after its three major acquisitions

THREE men, two of them Swabians and one a Berliner, are playing especially key roles as Daimler-Benz makes its "great leap forward." One is Werner Breitschwerdt, the 58-year-old chief executive, who has had a copy-book career at Daimler. Born and bred in Stuttgart where he studied electrical engineering, he joined the company in 1953, became a (deputy) member of the executive board in 1977 and got the top job in late 1983. A brilliant technician, he guided Daimler's research and development for years and was responsible, among many other things for the emergence of the top-of-the-range S model passenger cars, as well as the relatively new compact 190 series.

The late Gerhard Prinz, former chief executive, strongly favoured Breitschwerdt to succeed him. But it is no secret that when the 20-member supervisory board voted for a new boss, all nine labour representatives came out against Breitschwerdt. They preferred the finance chief, Edzard Reuter, who, unusually for a top manager, is a member of the Social Democrat Party (SPD). Indeed, Reuter's father, governing mayor of Berlin during the 1948-49 airlift, was one of the outstanding figures in the post-war SPD. The labour representatives on the board stressed they had nothing personal against Breitschwerdt, but that they felt Reuter had broader experience and vision to lead Daimler into the 1990s.

Born in Berlin in 1928, Reuter is certainly one of the most elegant of West German executives on broader social and economic, as well as financial issues. It was on the basis of his draft proposals that the Daimler board decided in 1984 to go ahead with a diversification programme. And it was Reuter, closely aided by Daimler's ebullient production director, Werner Niefer (a Swabian), who was most active in pressing the MTU, Dornier and AEG deals. Many outsiders see Reuter as the "real dynamo" at Daimler. This may do an injustice to Breitschwerdt, who—like Karlheinz Kaske of Siemens—is more effective inside the company than his public image tends to suggest. The third member of the

trio, Heinz Dürr, chief executive of AEG, also has a rather deceptive public image. He looks more youthful than his 52 years, is engagingly friendly, loves modern art and has an apparently inexhaustible store of jokes (quite a lot against himself). But there is steel below the surface. Without it he would not have been so successful a negotiator for the employers' side in tough wage talks with the metalworkers trade union in the late 1970s. And he would certainly not have been able to drag back AEG from the brink of the abyss a few years later. The likelihood is that Dürr will shortly join the Daimler board. He has at least one other useful attribute for the job. Like Breitschwerdt, he was born in Stuttgart.

positive sense, a provincial company—and up to now a "narrow" one that has stuck to what it knows best. All that is now changing with a vengeance. Since early 1985 Daimler has spent DM 2.6bn to take full control of MTU (engines for civil and military use), as well as majority stakes in Dornier (aircraft, aerospace, electronics and other high technology equipment), and AEG (the once-ailing electricals

concern). The spending spree has boosted Daimler's turnover by about a third, making it the country's biggest industrial group in sales terms (around DM 66bn this year). And it has given it a product range from refrigerators and washing machines through data processing and robotics to satellites. How is Daimler, the "good cobbler who long stuck to his last," going to cope with all this? Breitschwerdt says the

different companies will retain their identities but must work together. "Any company which takes over three others in so short a time faces a big problem of digestion," comments one West German management consultant. "It has a much bigger one when the acquisitions are in different sectors. Daimler is trying to do what few companies anywhere have really succeeded in doing."

That said, neither MTU (1985 turnover DM 2.7bn) nor Dornier (turnover DM 2.1bn) presents Daimler with its main integration challenge. Daimler knew MTU well for years before taking over the 50 per cent stake it did not already hold from the MAN engineering group in early 1985. As for Dornier, many there welcome Daimler as a new factor of stability after the scrapping and snarling among the former

Daimler family owners, which had gone on for years. Then in the autumn came AEG, and with it a problem of quite another order. This is not just a matter of size, although with a likely turnover this year of more than DM 11bn, AEG alone will make up around one sixth of the turnover of the whole Daimler group. The real difficulty is that the two concerns could hardly be more different.

Daimler concentrated on one main product sector, AEG on many. Daimler consistently made profits, boosted its labour force and watched its share price soar. AEG nearly went bust, chopped its labour force and saw its share price plummet. To put it bluntly, people automatically identified the name of Daimler with all that was best in German industry, and that of AEG with much that was wrong with it.

True, both the reality and image of AEG have improved over the past few years. Ironically, that is part of the problem. Under a new (Swabian) chief executive, Heinz Dürr, AEG struggled through the trauma of a court-regulated debt settlement, underwent a drastic slimming cure and is now making a profit. It did all that—and is understandably rather proud of the result. "We could have survived without Daimler-Benz," Dürr himself said recently.

The initial reaction among many at AEG to the takeover by the "shining star" of Stuttgart was that the company would now be able to pursue its course far freer of financial worries, and that jobs would be more secure. Subsequently, though, questions have emerged about what Daimler may really have in store for AEG—despite efforts by the new owner to be reassuring. For example, Daimler may be more than happy to hold on to high technology AEG businesses such as satellite and automotive technology. But will it want in the long run to see AEG maintain its household goods division (15 per cent of sales), which even Dürr initially wanted to give up but then reconsidered? Daimler faces two difficulties if it tries to introduce radical changes at AEG. One is that although Daimler is famed for a full takeover AEG, so far has a stake of just 56 per cent and it is unclear when it might be able to obtain the other shares, which are broadly placed. Daimler holds the majority, but not quite the room for policy manoeuvre the full ownership would convey. The second problem is that it would be very hard indeed to cut any sector of AEG with-

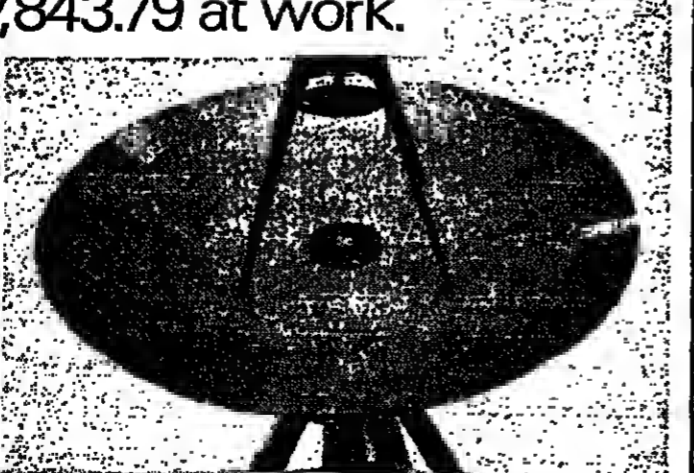
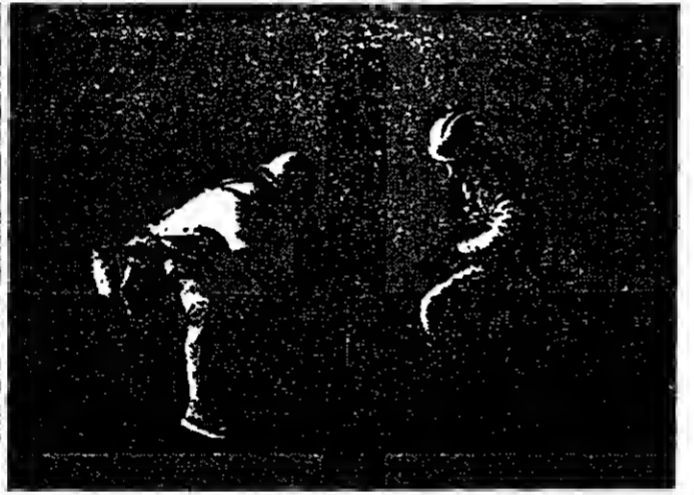
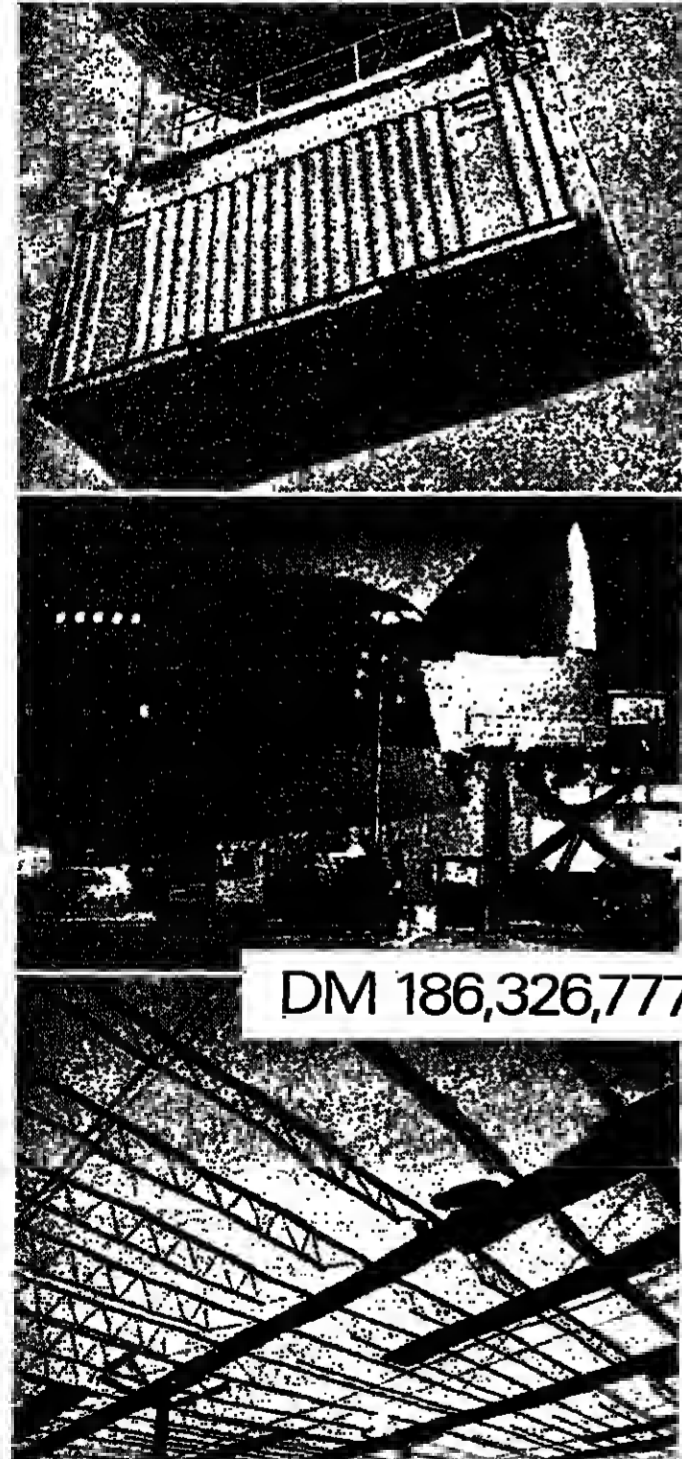
out bringing a sharp drop in morale in others. "Let us go again," would almost certainly be the reaction among AEG's overpaid, overstaffed and workshy employees. One firm action Daimler could take to back up its verbal assurances would be to appoint Heinz Dürr to its executive board. He is widely popular at AEG (the national contract for some of his predecessors); his contract runs at least to 1990 and many in the company would be relieved to know he was going to be in charge. But that raises in a different sense the question of what kind of executive board is best suited to the changed structure of the business.

To put it bluntly, people automatically identified the name of Daimler with all that was best in German industry, and that of AEG with much that was wrong with it. True, both the reality and image of AEG have improved over the past few years. Ironically, that is part of the problem. Under a new (Swabian) chief executive, Heinz Dürr, AEG struggled through the trauma of a court-regulated debt settlement, underwent a drastic slimming cure and is now making a profit. It did all that—and is understandably rather proud of the result. "We could have survived without Daimler-Benz," Dürr himself said recently.

Actively involved

One source might be to create an independent executive board within which Dürr would be an "inner circle" directly responsible for overseeing and encouraging activity throughout the group. Another possibility would be to have a board made up of representatives of group sectors. This structure of corporate representation is not a new idea. One idea, obviously out of the question, is that the group be divided into separate and "autonomous" operating units, each with its own board. While that might seem to have superficial attraction, it also has, as one Daimler man noted, a crucial drawback. "Virtually none of our executives," he pointed out, "are the kind of ultra-holding company man they want to be close to the business, as they always have been, and actively involved in it."

Daimler has been wrangling its brains over this conundrum for months. The management's hope is to have a plan ready to be announced by the time of the annual shareholders' meeting on July 2. A great many people are waiting eagerly to see what Daimler will do, and rival at home and abroad, who would not be sorry to see the Stuttgart star lose its lustre.



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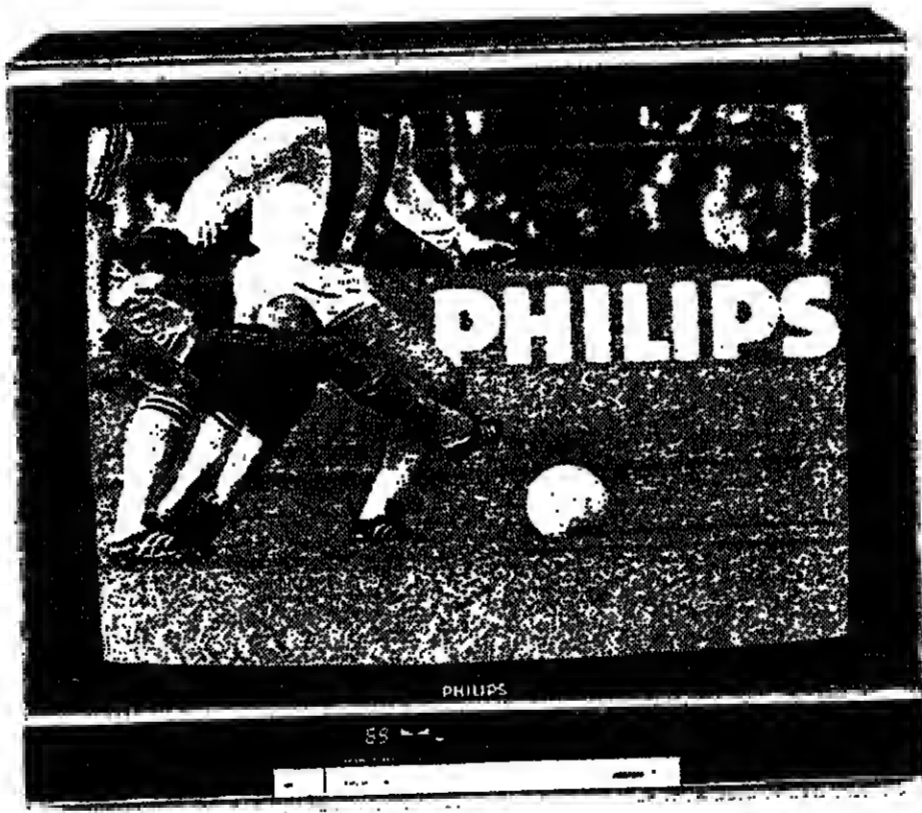
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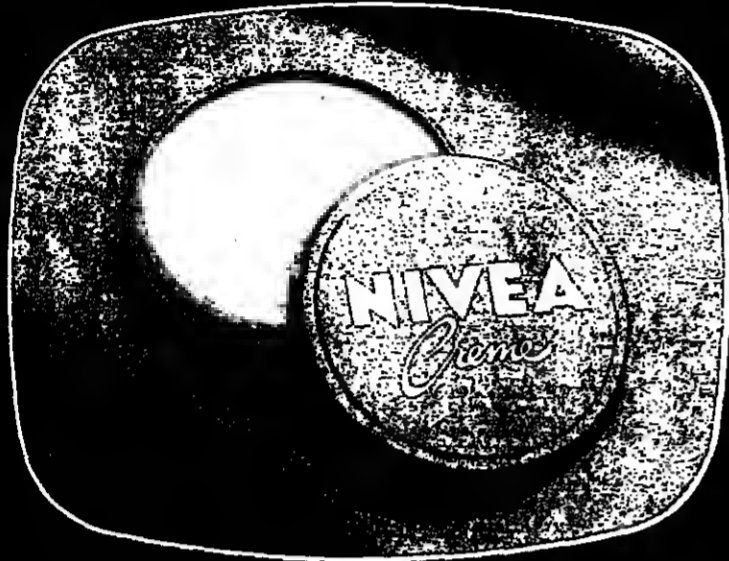
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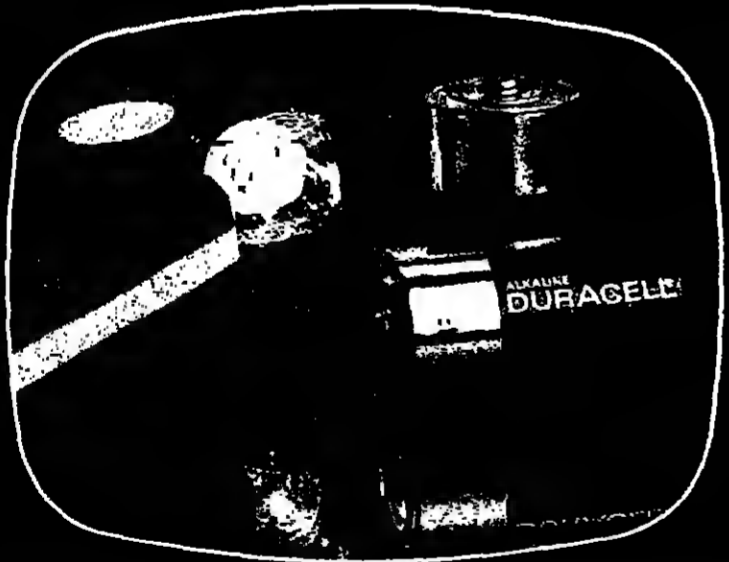
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TECHNOLOGY

Post Office sorts out smoother delivery systems

By Geoff Charlish

THE POST OFFICE in the UK has formally opened a swathe of £4m research and development complex in Swindon where 200 scientists and engineers are seeking better ways of dealing with mail.

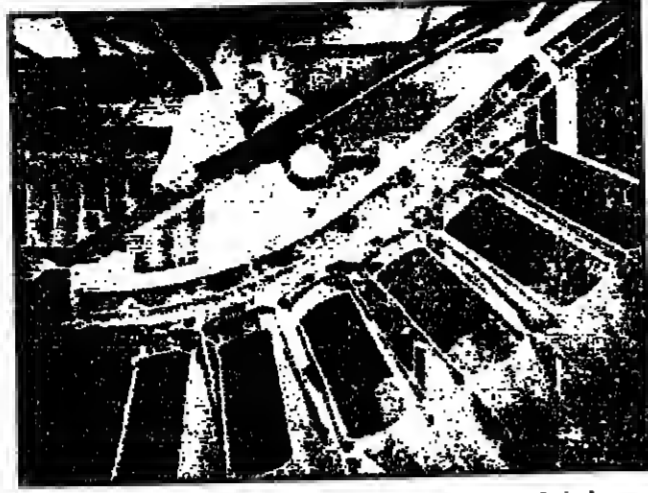
In spite of the march of electronic communication including the Post Office's own electronic mail service, the Royal Mail is experiencing its highest boom since the late 1940s. As Mr Alex Beardmore, the director at Swindon puts it: "You can't send a drop or a packet of holiday film by electronics." The same is true of formal documents and promotional material, the amount of which continues to grow.

Today, some 42m letters and 0.6m parcels have to be moved daily and although little can be done to apply technology to the local postal round, the Post Office is spending over £5m annually to improve sorting and handling.

The basis of sorting is the postal code, which still has its problems because although most senders write it correctly, many do not and some leave it out altogether. So the Swindon centre is looking at text recognition, hoping one day to read the addresses. This is feasible if they are typed, but any system will have to separate these from the handwritten ones until a clever enough machine can read anyone's handwriting — something which even the human eye and brain cannot always do.

For the time being, operators at coding desks look at each letter, read the code and key it into a machine which puts the code on the letter in the form of phosphor dots. These glow in ultraviolet light and allow letters to be recognised by conveyor diversion machinery and sent into appropriate sorting boxes.

The Post Office is into its third generation of coding desks, designed in conjunction with the General Electric Company. Each desk now has its own controlling microcomputer rather than consulting a central computer for coding data. In addition a "droplet on demand" ink jet printer puts the dot codes on the envelopes more



Packet sorting machine undergoing trials at Swindon.

cost effectively than the previous hot transfer units. The "distributed intelligence" idea has also been applied to the latest letter sorter, the E40, designed in conjunction with Fraser Nash, the London-based contract engineering company. Higher reliability levels are obtained because a computer fault no longer puts a whole sorting office out of action.

Combined electromechanical and electronic sophistication has made the E40 twice as fast as its predecessors, of which there are 300 in use awaiting gradual replacement. It can sort 32,000 letters an hour into 250 sorting boxes.

One simple but effective change has been to use a helical transport guide to move letters between vertical levels so that they arrive the same way up, without negotiating right angle systems that are prone to jamming.

The machines sort to "plans" selected by operational staff but, unlike earlier models, the E40 allows operator override so that mail can be routed to alternative boxes if part of the machine fails.

Parcels present difficulties to automation engineers due to their variability of size, shape, texture and weight. However, packets within an enveloping size of 500 x 375 x 125 mm are being dealt with by a machine about the size of a tennis court at Swindon, using similar principles to letter sorting.

Operators sit at keying stations in front of a moving row of bins, one of which will become marked with an illuminated bar as it approaches an operator. He will have taken the next packet from an in-tray, read the postal code and will key it in shortly before

dropping the parcel into the marked bin. The marked bin now "knows" what it is carrying so that when it gets to the appropriate destination chute on the other side of the machine, it tips out its load. The machine can have 20 chutes and can deal with 8,000 items an hour.

Sorting larger parcels is a bigger problem. Although the new generation of sorters can extract coded parcels from a line into destination containers at 5,000 an hour, several unmarked coding positions are needed to maintain throughput. Then, however, the conveyors from say, four positions have to be merged so that the parcels stay in synchronisation with the computer's memory of their relative positions. One mistake means that all parcels are subsequently mis-sorted.

Variability of size is the problem, now being overcome at Swindon with carefully placed sensors which measure many features of the parcels making sure that all parcels are accurately positioned for sorting.

Another sorting office problem is that parcels might have to drop through 10 to 20 ft between floors. A device is needed which, if fed with items at a constant rate will deliver them, 20 ft lower, at the same rate without damage and without jamming anywhere.

The answer is a high-tech helter-skelter. By using computer simulations, engineers at Post Office Research have arranged the gradient, cross section, profile and surface material of the chute so that whatever parcel is put on at the top it always takes about the same time to glide down to the bottom.

Ian Hamilton Fazey looks at a radical change of thinking on automated production Flexible marriage of old and new

INDUSTRY has been making an uncomfortable discovery about the "flexible manufacturing systems" (FMS) that are supposed to be automatic production methods, and greatly improve quality control and profitability. The systems are too expensive for most manufacturers to contemplate installing.

The idea of FMS is to take versatile, programmable machine tools and so configure them that the whole system can make practically anything. Costs can only be justified, however, if volumes of throughput are large enough and the pieces being made have a high enough value.

Medium-volume manufacturers in the world, Mr John Wells, sales manager of machine tool manufacturer, Cross International, "have been severely shocked when they have seen the price tag, and have not invested."

This has led Cross, the Merseyside subsidiary of the Milwaukee-based Kearney and Trecker Group, into a radical

change of thinking on automated production engineering. It is looking at a 18-month lead in this area over machine tool manufacturers in the rest of the world.

As with many good ideas, what Cross has done is very simple. It has looked closely at how people make and machine complicatedly shaped metal products and parts and worked out their genuine flexibility is locally needed at only a few stages in the manufacturing process.

Only for these stages does a manufacturer need to install versatile machines. The rest of the work can be carried out equally well with what might be called "old" technology. The secret of achieving FMS at this price, according to this new philosophy, is in the way the production line designer mixes the old and the new, and — probably more important — wires up the electronics.

It is not just theory for Cross is just finishing a £9.2m automated line for a vehicle manu-

facturer, which Cross will not name. It makes aluminium transmission cases at a rate of 200 an hour and can handle seven variants of the design. Those who went to see the line working before it is shipped to its new owner included senior managers of Nissan, from both Japan and Britain.

The transmission cases are loaded onto a track that conveys them from tool to tool, most of which are relatively simple single-spindle machines for drilling, the same hole in the same position in every transmission case.

Where flexibility is needed is when one of the variants is required. Here, the machining head on any one of a bank of tools can be switched round in the line. Sensors earlier along the line give warning that a change is needed, so that the appropriate head can be taken off a storage rack behind the tool and put in position. Without this area of flexibility, at least five more machine tools would have been needed — at a cost of about

£100,000 each. Flexibility has therefore given a £300,000 saving where it is needed, without expensive installation of flexible tools for parts of the process where it is not.

Mr Wells says: "There has been far too much overkill in FMS. People need appropriate technology and appropriate flexibility, not an expensive excess of both."

Mr Wells says: "There has been far too much overkill in FMS. People need appropriate technology and appropriate flexibility, not an expensive excess of both."

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advised to thrash out the appropriate technology and get an appropriate mix of capital equipment at an economic rate. The tools in the mix are also simple enough to be adaptable for other jobs later. One of the keys to developing the new approach, Mr Hayes says, was the merger of Cross with Kearney and Trecker in 1979. This has enabled Kearney and Trecker software and machine controllers to be married to Cross's machines. As it is, Kearney and Trecker claims to have installed more FMS machines worldwide than all its competitors put together and there is a Cross machine in most of Europe's automotive plants. The quality of the thinking behind the new approach demonstrates why—and will probably help ensure that things stay that way.

Concern over a lack of office equipment spending in the UK

WORTH WATCHING
Edited by Geoff Charlish

OFFICE WORKERS in the UK are equipped on average with only £500 worth of desks and telephones while those in factories are backed by machinery costing some £3,000 and agricultural workers are provided with tools worth £35,000. The low level of office equipment investment is a cause for concern, says the latest edition of the Oasis report (office automation and information service), particularly as the UK is moving more towards a service economy.

To make matters worse says Oasis, even though keyboard products are increasingly used (£100m in 1980, £1bn in 1985 and predicted £3bn by 1990), most of this growth will only benefit importers because very little of the equipment is being made in the UK.

The 160-page report is published by Wharton Information Systems (01-891 6197) and costs £500. In examining the typewriter market, it finds that 220,000 machines worth

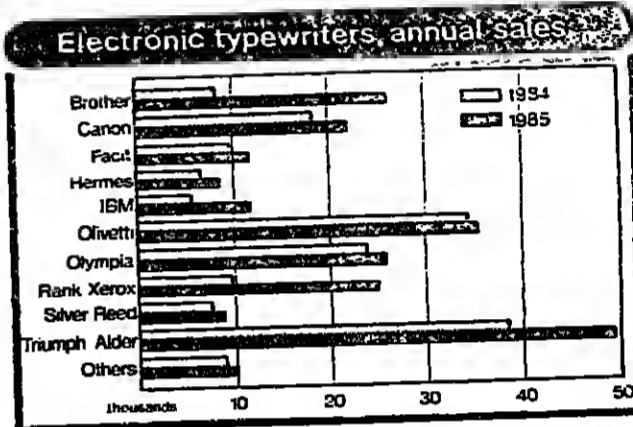
£173m were sold in 1985, with Triumph Adler established as clear leader for the first time. Word processor sales have grown from £19m in 1980 to £150m in 1985, while the personal computer market, running at £700m at the moment, is likely to break the £1bn barrier before 1990.

WIND POWER generators are to be backed by the European Commission in a project to part-fund three large machines that will be built in Denmark, Spain and the UK. The Danish machine will generate 2 megawatts (millions of watts); the other two nite one megawatt each. The total cost of the three projects will be about \$20m and all three are scheduled to become operational by 1988.

TOP or "technical and office protocol," the Boeing initiative to encourage standardised communication software and hardware in technical offices, has been taken up by ICL in the UK. TOP is based on the standards now being finalised by the International Standards Organisation (ISO).

ICL is the first indigenous European supplier to declare its support for TOP, although many have agreed to support the parallel initiative by General Motors called MAP (manufacturing automation protocol), which is for similar communications on the shop floor. MAP is also based on the "open systems interconnect" or OSI standards being generated at ISO.

MACHINE VISION for production lines which allows all the elements vital to the appearance and integrity of a product to be checked, has been introduced by Intertrade Scientific of Milton Keynes UK (0908 666595). Made by Cognex of New-



ton, Massachusetts, Checkmate allows manufacturers to inspect every passing item on a production line regardless of its shape, size and labelling complexity. Previously, checking would normally have been carried out on a sampling basis. The system has a degree of intelligence and can be adapted to check on any important packaging feature, within set tolerance limits. For example, it will look at both bottle cap and label and ensure that their relative positions are accurate to within 0.01 inch.

WORLD ELECTRONICS will come under the microscope at a Financial Times conference to be held at the London Intercontinental Hotel, June 9 and 10. Speakers will include chairmen, managing directors, vice presidents and chief executive officers of such companies as DEC, National Semiconductor, Plessey Semiconductors, Texas Instruments, Thomson, Olivetti, Philips and many others. The theme will be strategies for tomorrow's markets in electronics. More from Barbara Hugginson at the FT's Minister House office in London (01-621 1355).

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THE PROPERTY MARKET BY WILLIAM COCHRANE

Bredero tests the UK stock market

BREDERO Properties, UK arm of the Dutch multinational VVB, is making its London stock market debut via an offer for sale at a fixed price of 145p a share.

At that level, and allowing for the £5.1m of new money which the company will be raising net of expenses, it will be standing on a prospective p/e of 16.2 and a premium of 27 per cent to net tangible assets of 114p a share.

Numbers like that are nothing these days. Arlington Securities was floated at 115p a couple of weeks back on a premium to historic net asset value of 150 per cent. It was trading this week at around 165p, or a premium of 267 per cent.

If there is a sober way of rationalising this sort of performance, it is that companies with rich development prospects and which are relatively modest in size — Bredero will capitalise just short of £30m — are going to be quoted at a price which reflects potential, rather than past returns.

Bredero's development programme is rich in quality just as much quantity. Director Tony Sutton said this week that not many potential stock market investors will realise, at this stage, just what a plum the company has grown in its Bon Accord Shopping Centre in Aberdeen.

The company's 28 per cent share by the rental income of

PosTel sets things straight

FRED Reeder, director of PosTel Investment Management, the in-house property investment manager for the Post Office and British Telecom staff superannuation schemes, this week denied stories that PosTel is cutting ties with its three principal estate agents.

PosTel is reorganising its UK property activities, aiming to double its staff over the next three years from the present level of 17 and bringing in-house much of the management of its UK properties.

However, Mr Reeder said that it would still have a continuing relationship with Bernard Thorpe, the historical PosFund agent, Jones Lang Wootton who joined them in 1978 and Edward Erdman who came along in 1982.

The PosTel funds now have a total property content of nearly £2bn. Mr Reeder sees the broadening of their horizons to encompass a wider range of agents, owners and other parties as the natural evolution of terms of trade which already existed.

"We've always had hands-on management," he said. "Our agents have never had a discretionary role in the handling of our investments."

"What we are doing now," he said, "is lifting the veil between ourselves and the market."

Obsolescence

THE UK property industry hit on another bullet this week as the College of Estate Management, via a report from its Centre for Advanced Land Use Studies (Calus), concluded a study on the obsolescence of commercial property which has significant implications for building design, lease structure and investment appraisal.

Rapid economic and technological change is shortening the lives of buildings. "It is not uncommon to find," says author Francis Salway, "that the capital value of a 20-year-old building is no more than 35 per cent of that of its modern equivalent."

This, he says, implies a relative fall-off in capital value of 5.4 per cent per annum. "A downward pressure on values of this degree," he reckons, "represents a major obstacle to the goal of achieving growth over and above the rate of inflation."

James Lang Wootton says separately that they are carrying out research to investigate the financial implications of property obsolescence. This note accompanies the JLM Property Index, where performance is again limited by a poor showing in capital growth terms.

Following the series of seminars organised by the Berkshire Committee, the unitisation debate should get a thorough going-over at the Profex development, investment and finance conference next June 27 (Tel: 01-930 0400 for details).

Tim Simon of Savills, who

will be talking at the conference, maintains that the securitised investment property market could be bigger than the Stock Exchange in terms of value, and that potential entrants to the market should pace themselves accordingly.

Swire Properties' HK\$1bn winning bid for a 16.150 sq metre Victoria Barracks site behind Hong Kong's central financial district was awaited as a primary indicator of the strength of the market. The verdict, locally, is "steady as she goes" with the price neither higher nor lower than expected.

Laing Properties has bought a 150-acre development site in Atlanta, Georgia, for a \$75m mixed use scheme.

Today's Investors Chronicle Hillier Parker Rent Index, No. 18, shows accelerating rental growth. Rates of growth on the year have increased by more than a third to 9.5 per cent, while the annualised rate over the last six months has moved into double figures.

As herbs one of the corporate doyens of the industrial property business, Slough Estates is still proving that there is more to business property than high profile, high tech and high rent.

It has pre-let 33,000 sq ft of office, laboratory and manufacturing facilities at High Wycombe to Warner Franklin, a manufacturer of disposable medical products, at £133,000 plus or some \$4 a foot.

London property in AD 2000

SKY-HIGH retail rents and relatively modest central London office development are among the propositions discussed this week in a new book "The London Property Market in AD 2000."

Twenty-two leading experts, partners, directors and senior officers responsible for research departments of property professionals have contributed articles to the book edited by Clive Darlow of the Central London Polytechnic on behalf of the Continuing Professional Development Foundation.

There are some forthright conclusions. For example, Brian Walby of Fletcher King says that by the year 2000 the campus office will be established as a type of building which the local authority no longer requires — a hoped-for start in September this year and completion for Christmas 1986.

The consortium, to be known as the Whiteleys Partnership, was put together by David Jackson whose company, Wilverley & Hampshire Estates, is in for a share of the development profit.

The submission envisages 253,000 sq ft of retail space on ground and two upper floors, incorporating 35,000 sq ft for restaurants and cafes, together with a supermarket food hall of some 25,000 sq ft. In addition there will be 29,000 sq ft of lettable offices, and 200 car parking spaces at rooftop level.

Consortium plan for Whiteleys

A CONSORTIUM comprising Arlington Securities, London & Metropolitan and Dartmouth (UK) offshoot of the Malaysian JGB Berhad) is putting forward revised and detailed drawings for the former Whiteleys department store on Queensway, Regent Water, to Westminster City Council.

Architects for the project, the Building Design Partnership, were commissioned at the beginning of 1984 by Hanson Trust, which had acquired Whiteleys with the UDS Group in 1981. They gained outline planning consent last July.

The latest submission, which dispenses with the earlier provision for a public library, which the local authority no longer requires — is for detailed permission, a hoped-for start in September this year and completion for Christmas 1986.

The consortium, to be known as the Whiteleys Partnership, was put together by David Jackson whose company, Wilverley & Hampshire Estates, is in for a share of the development profit.

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Company Notices

STAR EUROPEAN FINANCE N.V.
We inform bondholders that the FF 100,000,000 (referred to as 'the Bonds') due on June 15, 1986 will be repaid on the date of the next scheduled interest payment...

U.S. \$ 300,000,000 Floating Rate Notes due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from May 29, 1986 to November 29, 1986 the Notes will carry an interest rate of 7 1/4% p.a.

N. V. Nederlandse Gasunie

On May 14 1986 Bonds for the amount of UA 1,000,000 have been drawn for redemption in the presence of a Notary Public...

ALCOA OF AUSTRALIA LIMITED

NOTICE OF REDEMPTION
ALCOA OF AUSTRALIA LIMITED
US\$50,000,000
12% Bonds due 1988

MELON BANK N.A.

Subordinated Capital Notes Due November 1986
Notice is hereby given that for the period May 30th 1986 to August 29th 1986, the notes will carry an interest rate of 7 1/4% per annum.

LEUMI INTERNATIONAL INVESTMENTS N.V.

Notice is hereby given that the FF 100,000,000 (referred to as 'the Bonds') due on June 15, 1986 will be repaid on the date of the next scheduled interest payment...

ISTITUTO MOBILIARE ITALIANO - I.M.I.

Bondholders are hereby informed that (ISTITUTO MOBILIARE ITALIANO - I.M.I.) will proceed as anticipated with the full redemption of the loan at a price of 100% in accordance with the conditions of the loan.

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ESCOM Electricity Supply Commission

ECU 50,000,000 Floating Rate Notes due 1990 Exchangeable for 10 1/4% Bonds due 1990
In accordance with the terms and conditions of the Notes, notice is hereby given that for the interest period from May 30, 1986 to August 29, 1986 the notes will carry an interest rate of 7 1/4% per annum.

CREDIT FONCIER DE FRANCE

ECU 50,000,000 TF 1983/1993
We inform bondholders that the rate applicable for the fourteenth period of interest has been fixed at 7.6875%.

BANK HANDLOWY W. WARSZAWIE S.A.

US\$30 million Bonds Loan 1978/88 Floating Rate
The rate of interest applicable for the six months period beginning on May 30 1986 and set by the Reference Agent is 8 1/4% annually.

LEGAL NOTICES

THE COMPANIES ACT 1985
BLAIR MOVERS LIMITED
NOTICE IS HEREBY GIVEN, pursuant to notice of the Companies Act 1985, that a Meeting of the Creditors of the above-named Company will be held at 11 BETA standard, Cannon Lane, London EC4A 3AJ on Tuesday the 10th day of June 1986 at 2.30 o'clock in the afternoon for the purpose of ascertaining the claims of the creditors...

APPOINTMENTS

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CONTRACTS AND TENDERS

BANGLADESH POWER DEVELOPMENT BOARD
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Tenders are being invited for the undermentioned Contract which will be financed by a loan from the Special Funds resources of the Asian Development Bank (ADB Loan No. 683-BAN(SF)), in various currencies.

CLUBS

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ART GALLERIES

ANDREW WYLD GALLERY, 17, CHURCH LANE, BATH, SOMERSET, BA1 1RN. Tel: 01225 310001. A Loan Exhibition from the City of Bristol Art Gallery from 6.00 Mon-Fri, 10.00 Sat-Sun, 10.00 Sun. Exhibition from 6.00 Mon-Fri, 10.00 Sat-Sun, 10.00 Sun. Exhibition from 6.00 Mon-Fri, 10.00 Sat-Sun, 10.00 Sun.

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MELON BANK N.A.
US\$50 million Guaranteed Floating Rate Notes Due November 1986
Notice is hereby given that for the period May 30th 1986 to August 29th 1986, the notes will carry an interest rate of 7 1/4% per annum.

LEUMI INTERNATIONAL INVESTMENTS N.V.
US\$50 million Guaranteed Floating Rate Notes 1986
Extendible at the Holder's Option to 1992 (2nd Issue)
The interest rate applicable to the above Notes is subject to the six month prime rate commencing Friday, 30th May 1986 has been fixed at 7 1/4% per annum.

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GREATER DHAKA POWER PROJECT PHASE 2
Tenders are being invited for the undermentioned Contract which will be financed by a loan from the Special Funds resources of the Asian Development Bank (ADB Loan No. 683-BAN(SF)), in various currencies.

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THE ARTS

Arts Week

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30 | 31 | 1 | 2 | 3 | 4 | 5

Exhibitions

WEST GERMANY

Berlin, Akademie der Künste, Hansselerweg 10. Life Or Theatre? This exhibition displays 250 gouaches by Charlotte Salomon. She died, aged 28, in Auschwitz. Ends June 15.

Bayreuth, Iwalewa-Haus, Münzgasse 9. Art and Culture from the Congo and Zaire. About 300 paintings, cuts and practical objects from the Colonial period to today. Ends June 29.

Hamburg, Kunsthalle, Glockengießerwall 1. Renaissance of the North. 110 German and Dutch paintings on loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius. Ends June 29.

Düsseldorf, Kunstmuseum, Ehrenhof 5. Otto Fankok (1893-1968). The Passion: 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

BRUSSELS

Musée Royale d'Art et d'Histoire, Tautan-based painter Wong Liu-Seng. 40 paintings, of which 10 are by his pupil Chen Sun-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

PARIS

From Rembrandt to Vermeer: 60 chefs d'oeuvre on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with green paintings, still lifes and landscapes. Grand Palais. Ends June 30. (42615410)

Rasa - The Nine Faces of Indian Art. A hundred sculptures in stone, bronze and terracotta and some 200 miniatures are divided into nine groups according to the sentiment they express: the erotic, comic, pathetic, heroic, terrible, furious, hateful, marvellous and finally the serene, thus making Indian art intelligible to Europeans. Many of the sculptures have been only recently discovered, while most of the miniatures are seen for the first time. Grand Palais (4261 5410). Closed Tue, Wed. Late opening. Ends June 18.

At the Court Of The Great Moghul: A parallel exhibition of Indian miniatures from Bibliothèque Nationale's collections, which have never been exhibited before. Bibliothèque Nationale, 58 Rue de Richelieu from 12am to 6pm all days. Ends June 16.

18th century pastels: A renewed, revitalized use of the pastel crayon technique, in complete break with its genteel 18th-century tradition, gives a sense of immediacy to Delacroix studies, to country scenes by Millet and portraits by Manet. It catches the movement of Degas dancers and women at their toilet and lights up Redon's inner visions. The Louvre, Pavillon Flou (4261 5410). Ends June 9.

Marie Laurencin: After a short flirtation with Cubism, Marie Laurencin, Apollinaire's love and Cocteau's friend, create an enchanted world of adolescent girls. The unchanging pale, oval shaped faces with expressionless eyes, the ethereal bodies amid flowers and floating pink and blue gauzes could easily become too sugary but for the aura of Sapphic mystery. Gallery Malingue, 26 Ave Matignon (4266 6033). Ends June 21.

LONDON

The Hayward Gallery: Falls The Shadow - this year's Hayward Annual for the first time extends its view of contemporary art from Britain into Europe. The Arts Council's guest selectors, Barry Barker and Jon Thompson, taking a hint from T.S. Eliot's ambiguous poem of the mid 1920s, The Hollow Men, abandon the principles of avant-gardism in favour of a more open and catholic modernism. The result is an elegant, difficult and fascinating anthology. Ends June 15.

ITALY

Rome: Galleria Giulia (Via Giulia 148). Manru Eustachio: Fifty large works in pastel exploring the theme of love, from the lyrical to the faintly menacing. Particularly interesting are a series of charcoal drawings illustrating extracts from the poems of Emily Dickinson. Ends June 14.

Venice: Palazzo Grassi: Futurism and Futurisms: Fiat opens its art centre on the Grand Canal with the largest exhibition to be devoted to the Futurist Movement, a movement born in Italy, and the first to exalt technology, and to try to convey speed on canvas. More than 300 works have been lent. The paintings are mainly from 1909-18, but there are also sections devoted to literature, theatre, music, architecture, fashion and furniture, showing futurism's influence up to 1930. Ends Oct 12.

Florence, Palazzo Medici-Riccardi: Picasso Engravings (1904-71). Examples of the techniques with which Picasso experimented - etching, aquatint, linocut and engravings, and often mixtures of several. One oil is included: the infinitely sad and gentle Harlequin, painted in 1917. The year in which Picasso started designing sets for Diaghilev's Russian Ballet company, and the year of his first visit to Florence. The model is the dancer, Leonide Massine. The first etching is the chilling Frugal Meal done the year that Picasso settled in Paris (1904). The Dove Holograph (1959), adopted as the symbol of the world peace congress, several irrelevant reinterpretations of Cranach and Rembrandt, portraits of Jacqueline, Françoise

and Paloma and various mythological subjects are included. Ends June 12.

Milan, Pinacoteca di Brera. Photographs from Life Magazine 1946-55: A fascinating and nostalgic exhibition of over 200 photographs chosen by Doris McNeil from the Life picture collection. An extraordinary mixture of styles and subjects, from harrowing documentary photographs of the Korean war, or Cornelius Ryan's terrified Jewish war-poles awaiting expulsion from Palestine as illegal immigrants in 1948, to brilliantly constructed studio-photography, such as Salvador Dali with cats and jets of water - all airborne.

There is Barbara Huton being prevented from entering the Ritz in Paris because she was wearing (extremely ladylike) shorts, and Milton Greene's marvellous portrait of Marlene Dietrich, focusing on the legs. The exhibition is sponsored by United Technologies. Ends June 15.

NETHERLANDS

Amsterdam: Van Gogh Museum. 99 Whistler etchings from the Zeeman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, and the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

Dordrecht Museum. A choice selection of 90 Piessens etchings from the imposing Vedute di Roma and the oppressive visions of the Career. Ends June 8.

Amsterdam Historical Museum. Cor Jating's photographs of Amsterdam in the restless 1960s, from Provos to dockworkers, happenings in street markets, and an eventful royal wedding. Ends June 22.

17th-century drawings in Teylers Museum, Haarlem. Little-known sheets by the leading masters. Ends June 14.

SPAIN

Madrid, Claude Monet (1840-1926): The greatest living French artist, as he was called, was an innovator who revolutionised the course of modern painting by playing a leading part in the creation of a new artistic movement: Impressionism. 125 paintings on loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with a prominent representation of his most famous period at his home at Giverny. Meac - Museo Espanol de Arte Contemporaneo, Avenida Juan de Herrera 2. (449 71 50). April 29 - end June.

Barcelona. Max Ernst retrospective includes 125 works of the dadaist and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends June 29.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René

Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte - Hoffman, Moser and Czechka - many on public view for the first time. Applied Arts Museum, ends June 8.

NEW YORK

Japan House: Bughley House, with its the earliest known record of Japanese porcelains in Europe, provides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 235 Japanese and Chinese objects dating from the 15th to the 18th centuries. Ends July 27.

Museum of the City of New York: Archi Blesas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Los production in 1954 starring Lotte Lenya. Ends Oct 15.

Metropolitan Museum: Two centuries of Renaissance masterpieces from Nuremberg include 270 works in painting, sculpture, tapestries and illuminated manuscripts by Albrecht Dürer, Hans Baldung Grien, Veit Stoss and Adam Kraft. Ends June 22.

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Rauschenberg, who pioneered the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

National Gallery: Paintings by Picasso, van Gogh, Gauguin, Matisse and Renoir are among 41 Impressionist, post-Impressionist and early modern paintings from the Hermitage and Pushkin Museums in Leningrad and Moscow making their first American trip. Ends June 15.

TOKYO

Antoni Clavé: 130 works by one of Spain's prominent modern artists. Tokyo Teien Museum, Meguro. This museum, with its art deco architecture and garden was once the home of a member of the Imperial family. Ends June 8.

Seenas of Spring: 10 works on hanging scrolls by Japanese artists Kano Tanyu, Shunso Hishida, Gyosho Hayashi and others. Okura Museum, at Okura Hotel. Ends June 15. Closed Mon.

The Art of Henry Moore, 1921 to 1984: In one of the largest retrospective exhibitions ever, over 300 works (sculptures, drawings and graphics) demonstrate the artist's range and extensive output. Several sculptures have been installed in the open. Excellent catalogue with generous space for the original English. Ueno Park is one of Tokyo's few open spaces, and museum hopping may be pleasantly divided by lunch at one of the park restaurants or in the open. Ends June 5.

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The last performance this season of Carmen, with a strong cast headed by the fierce intensity of Agnes Baltsa and José Carreras, which overshadows the creaker aspects of the production, is followed by the return of Eugene Onegin, conducted by Colin Davis and with Ilseana Cotrubas, Neil Rosenzweig and Thomas Allen promising a great deal. (940 1066).

English National Opera, Coliseum: Britwistle's The Mask of Orpheus, undoubtedly the most important opera to be introduced in London for many years, shares the week with Ederman and the revived Mary Stuart, with Jane Eaglen taking on Rosalind Flowerlight in the opera's central confrontation. (8363161).

PARIS

Trisha Brown Company dances Late Fall Pass, Group Primary Accumulation and Set and Reso at Robert Hauschenberg's decor. 83 Bohigny, Town Center, Bld Lesnois, Metro Pablo Picasso (4274 2277).

Ballet Collège, combines the inheritance of German Expressionism with American modern dance. Théâtre de la Ville (42742277).

WEST GERMANY

Hamburg, Staatsoper: Boris Godunov, in a concert version, features Hanna Schwarz, Gabriele Fontana, Kurt Müll and Walter Rafiszon. Kurt Müll and Walter Rafiszon. Kurt Müll and Walter Rafiszon. Kurt Müll and Walter Rafiszon. Kurt Müll and Walter Rafiszon.

MUSIC

NEW YORK

Bergemeister (Fulton Ferry Landing): Chamber music recital with William Doppman, piano, and Julie Rosenfield, cello. Haydn, Brahms, J. S. Bach. Brooklyn (624 4061)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting; William Steck, violin. J. C. Bach, Brahms, Copland; Mstislav Rostropovich conducting. Wagner, Mahler (Thur). Kennedy Center (2543778)

CHICAGO

Chicago Symphony (Orchestra Hall): Jesus Lopez-Cobos conducting. Pritto, Ravel, Rimsky-Korsakov (Thur). (2338111)

TOKYO

Chisato Ogino, piano: Handel, Brahms, Schumann. Tokyo Bunka Kaikan Recital Hall (Thur) (571 1888).

LONDON

Philharmonia Orchestra, conducted by Giuseppe Sinopoli, with Uto Light, violin, Brahms and Bruckner. Royal Festival Hall (Mon). (9283191).

interpretations by Anny Schlemm, Nadine Secunde, Daphne Evangelatos and Franz Ferdinand Neuwitz. This week's highlight is Ariadne auf Naxos starring Zeilma Troyanos, Margaret Price and Dieter Wellmer. La Clemenza di Tito rounds off the week. (831151).

Frankfurt Oper: Hoffmanns Erzählungen has Elisabeth Parcells as Olympia, Hildegard Heichele as Antonia and William Cochran in the title role. Louis Quilico is repeating his much praised performance in the title role. Der Zigeunerbaron will be conducted by Michael Foltz. La Bohème, sung by Italian, has Ellen Shade as Mimì and Giacomo Aragall, as Rodolfo. (25821).

Cologne Oper: Cavallieri has Ann Murray in the title role, Kathleen Kuhlmann is a special Cavallieri. Die Zauberköche with Eason Kwon, Inga Nielsen and Thomas Thunerschelle. (20781).

Stuttgart, Württembergisches Staatstheater: Martha, Lucia's first opera production. Sakime includes Klaus Armstrong, Raymond Wolansky and Roland Bracht. (30321).

ITALY

Milan: Homage to Debussy: Palcoscenico Modesto conducted by Claudio Abbado and directed by Antonio Vitez. Francesca Van Slade, Glenn Liscio, Kurt Ollman, John Beethames and Nicolai Ghimpu. scenery and costumes by Yannis Kokkas. (809128).

Milan: Teatro Lirico: Balletto Impetrale with choreography by Balanchine and Robert. (968418).

Milan: Teatro dell'Opera: La Bohème conducted by Daniel Oren and costumed by Pierluigi Semenzini, who

also designed the scenery and costumes. The cast includes Nelly Miricioiu, Francesco Araiza, Alessandro Corbelli and Fiorenza Pichioni. (491736).

Naples: Teatro San Carlo: The Barbiere di Siviglia by Rossini with Margherita Zimmermann, Bruno Pola, Curtis Rayam, Domenico Trimarchi, Silvano Pagliuca and Nicoletta Cilento. Bruno Bartoletti conducts. (416266).

Trieste: Teatro Regio: Turandot, conducted by Zubin Mehta and directed by Giuseppe Paterno. The cast includes the first Margherita Zimmermann, Bruno Pola, Curtis Rayam, Domenico Trimarchi, Silvano Pagliuca and Nicoletta Cilento. Bruno Bartoletti conducts. (416266).

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Holland Festival

France and Italy supply the two main strands for this year's Holland Festival, which runs throughout June (chiefly in Amsterdam) and ranges as widely as ever from opera to women's circus, from symphony to multi-media project.

The musical emphasis is on modern French and Italian composers, but there is also work from the Concertgebouw Orchestra, a gala of new Dutch music, and a series devoted to the music of Liszt.

The four operas on the programme include a concert performance of Berio's La Vera

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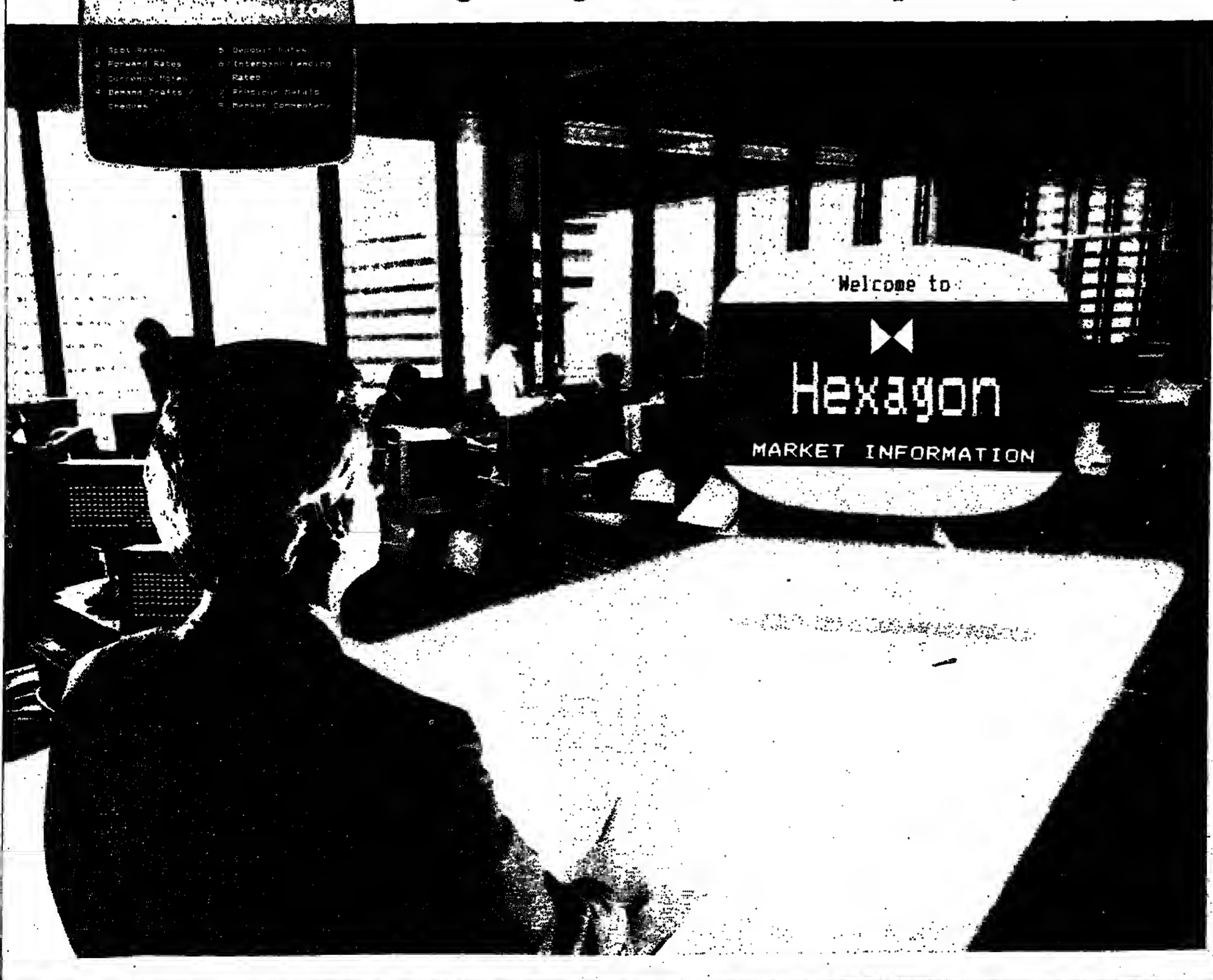
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THE ARTS

Cinema/Nigel Andrews

The latest late, late New York show

After Hours directed by Martin Scorsese... Lady Jane directed by Trevor Nunn... The Delta Force directed by Meo-



Linda Fiorentino and Griffin Dunne in 'After Hours'

After Hours... directed by Martin Scorsese... from a script by Joseph Minion... recently from the 1940s...

Will he escape? Will he survive? Will he ever try a similar date again... Minion's debut screenplay has a dark, lunar humour which

suggests he may be related to the famous Minions of the Moon... mentioned in Shakespeare's Henry IV Part 2...

ing Susan - After Hours suggests there is an untapped world of mirth and menace as many fathoms below the sunny sidewalks of human experience...

Answers to all these questions in Lady Jane... which Trevor Nunn directs as if on a factory

the pulse of either. And Nunn directs as if the performances were all that mattered and the camera merely an inconspicuous spectator moving unobtrusively around the stalls.

Occasionally the film looks like flaming into life, chiefly in the acting of Miss Bonham Carter and Mr Elwes, who leap up to their best moments with a will and a wit.

Thriller addicts may be unable to stay awake... Others should see it only if they have been banned for driving and are seeking some vicarious vehicular delirium.

will save the Western world from terrorism. The Delta Force reconstitutes the recent TWA hijacking, when the world's stoniest kept shouting nervously between Beirut and Algiers airports wondering what would happen to crew and passengers.

Since crew and passengers here played by Shelley Long, Martin Balsam, Joey Bishop, Hanna Schygulla and as discordant a collection of luminaries as even Cannon Films usually assemble...

Mr Norris would have no difficulty in changing brains if thrown upon the tender mercies of surgeon Timothy Dalton in The Doctor and the Devils...

Simon Boccanegra/Glyndebourne

David Murray

In Simon Boccanegra Verdi wrote a dark, sober opera, dispassionate about human failings, laden with regret for the past recovery.

A fair part of the action of Boccanegra is intimate, which might seem to recommend it for a Glyndebourne Verdi-foray.

Yet the apartment scenes were just what one thought Peter Hall would develop best at Glyndebourne, with close-up character-drama; in fact they are conventionally infatigable.

He is Timothy Noble, an amiable American baritone with a background in musical comedy before opera. Nice voice, granted his penchant for adding a crooner's vibrato to every long note...

Unfortunately, most of every body else's chief contraltos are with the hero, and accordingly run on reduced voltage.



Timothy Noble and Carol Vaness in Simon Boccanegra

Saleroom/Antony Thorncroft

Uncollected letters

Christie's had a major disappointment in the morning session of its autograph sale yesterday when the twenty-seven manuscript, notebooks of the 19th century French entomologist Jean Henri Fabre...

Six diaries kept by Lt Charles Rawson on Captain Scott's first Antarctic expedition of 1902 made £4,320 as did the autograph by Marat of his letter of resignation to the fellow members of the National Convention...

Cuckoo/Yvonne Arnaud

B. A. Young

When Emlyn Williams wrote the first draft of Cuckoo 39 years ago, he was advised that a play about a retarded woman would never get anywhere.

Cuckoo is nothing like that. Cuckoo herself (Rosemary Leach) is the elder sister of Lydia (Tessa Peake-Jones), a maturing young woman who lives by the Thames in the kind of household that gave birth to 'Hav' Fester.

The household is invaded by a rising young businessman,

Gidon Kremer/Elizabeth Hall

David Murray

Kremer is an extraordinary violinist, but if his partner on Tuesday, Andrés Schiff, sometimes seemed an accompanying shadow the fault was acoustic.

With Bartók's Sonata No. 1, which gives an urgent invitation to the violinist to exploit anything his instrument can do...

The Nest/Bush Theatre

Michael Coveney

The distinctive plays of Bavarian author Franz Xaver Kroetz show ordinary people transfigured in a hyper-realist landscape, often agricultural.

The characters are fenced off from the audience by a wrap-around gauze net. This adds to the sense of them being specimens to be observed...

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Continued from Page 20. Florence: (Maggio Musicale Fiorentino) Teatro Comunale London Symphony Orchestra conducted by Claudio Abbado. NETHERLANDS: Amsterdam, Concertgebouw. Thomas Sønderling, conducting the Netherlands Philharmonic with Martin Joris Pires, piano.

Theatre TOKYO: Takarazuka All-Girls' Revue: This phenomenon, the antithesis of Kabuki and where all the roles are played by girls but with typical Japanese bush and kabuki influences... NEW YORK: Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's feline poetry set to trendy music is visually startling and choreographically loose, but classic only in the sense of a rather staid and overblown idea of theatricality.

WASHINGTON: The Caline Muriel Court Martial (Lincoln): Charles Heston and Ben Cross star in the military courtroom drama written by Herman Wouk. CHICAGO: Pump Boys and Dinettes (Apollo Center): The songs are used as additions rather than emotions.

London: Lead Me A Tender (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland Ohio in 1894. NETHERLANDS: Amsterdam, Gulikerk Theatre (Prinsengracht 381): The Hall Family presents Old Time Music Hall, with songs to make you sing and jokes to make you weep.

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FINANCIAL TIMES

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Friday May 30 1986

Optimism at the OECD

TO LOOK a gift horse in the mouth may be regarded as ungracious but it is a worthwhile precaution. The Organisation for Economic Co-operation and Development, in today's bi-annual Economic Outlook, has added its voice to the cheerful chorus of commentators and politicians who have recently been heralding the onset of an economic golden age. The oil producers' gift of \$15 billion worth \$80 billion a year to the OECD countries, has created macroeconomic conditions more propitious than they have seen for some years for non-inflationary economic growth and the correction of structural imbalances and problems, the outlook says.

In making this judgment, and backing it up with projections of steady growth in the 2½ per cent to 3½ per cent range for each of the leading industrialised countries, the OECD is taking risks with its reputation: its forecasts are firmly within the optimistic consensus which has taken hold in stock markets and finance ministries throughout the world. However, beyond mere endorsements of the current mood of self-satisfaction, unlike the rather more flattering World Economic Outlook which was published by the International Monetary Fund in the run-up to the Tokyo economic summit, the OECD's analysis explains today's economic conditions as much by good luck as good management. The distinction is important because the bigger the short-term benefits from cheaper oil turn out to be, the greater is the risk that official complacency will ultimately emerge as one of the biggest obstacles to further improvements in world economic performance.

At the simplest level, a series of charts shows that the prospects for the world economy were beginning to deteriorate from the middle of 1983 onwards and that growth would have been markedly lower in the absence of the benefits from cheaper oil. More importantly, the outlook reminds us that the current recovery has been unusually slow by historical standards and that improvements in the growth rate for a time when the macroeconomic preconditions for expansion are in a number of respects now in prospect can be considered somewhat disappointing.

Indeed, for the OECD area as a whole, the recovery which began in 1982 will prove to be

Gas prices can fall too far

GAS USERS have hardly ever had it so good. The balking of oil prices has come at a time when natural gas is plentiful, supply. Oil and gas producers with severely reduced cash flow are anxious to sell all they can. So prices are falling. The danger is that this short-term bonanza will give the wrong signals to producers and consumers. In the US the partial deregulation of prices charged by producers and pipeline companies has led to fierce competition, a sharp cut in prices and rapid development of a spot market in gas. Spot prices for US natural gas have about halved in the past year to less than \$1.50 per thousand cubic feet for an end use. The 1,700 private and publicly owned companies which distribute gas to consumers benefit to this extent, because they are relieved of the need to pass on the higher cost of gas to their customers. Nevertheless, the trend in the US has been for contract periods to shorten and for all prices to ease as competition heats up. The administration's desire to press ahead with complete deregulation in the next few years will intensify competition. At present between 40 per cent and 50 per cent of gas supplies are still controlled by regulation at what used to be seen as artificially low prices. However, the market is itself now driving prices well below the level which gives operators an incentive to prospect for and develop new sources of supply.

Freer markets
In Europe, where competition is much more restricted, prices have fallen more slowly, so it may be tempting to envy the effects of the US's vigorous market. In Britain, the decision to privatise British Gas and the legislation which allows competing suppliers to enter the industrial market are at least gestures in the direction of freer markets, even if they are likely to have minimal effects in the foreseeable future.

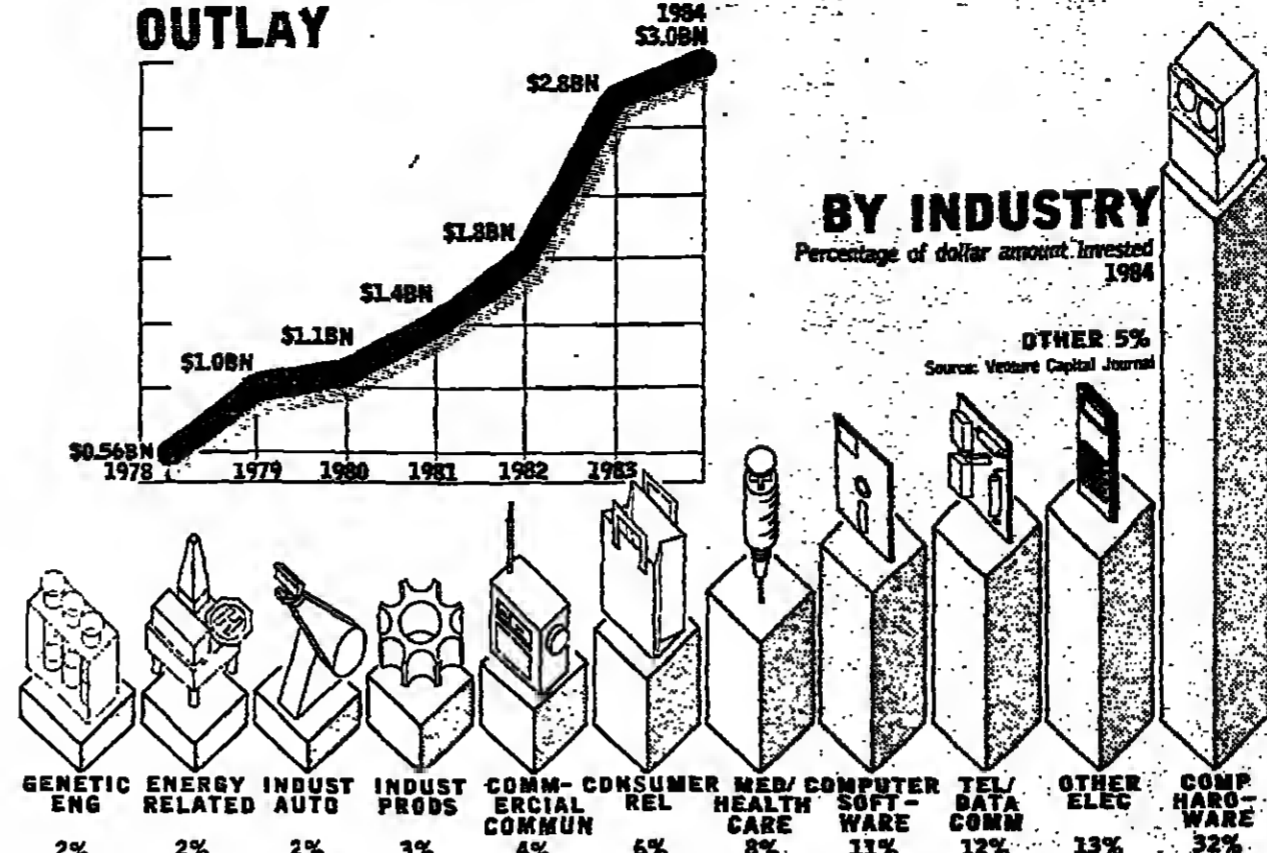
In the medium term there are signs that a freer market could open up across national boundaries if only to help minimise the need for expensive storage facilities in individual countries to meet fluctuations in demand. The British Government has given a rather equivocal signal that it would be

US VENTURE CAPITAL

BROOK BYERS, a partner in the San Francisco-based venture capital group, Kleiner, Perkins, Caulfield & Byers, has just saved himself a trip to London.

Apart from using the occasion as an excuse for buying antiques, Byers was to have been pitching for British investment for his latest \$150m fund, the first time he has been in the market for cash for four years. Since the fund is now 50 per cent oversubscribed by existing US clients keen to pour money into early-stage, high technology businesses, Mr Byers has been compelled — to his surprise and slight embarrassment — to cancel his London appointments.

Mr Byers' absence in Britain is one illustration of how the US venture capital industry is recovering from the toughest shake-out in its history. US risk investors tend to be secretive about details of their performance, but it is clear that they are turning the corner after a two-year period which saw over-optimistic hopes being dashed and an unprecedented number of high technology companies going to the wall. Small venture-backed companies are now making public share offerings in greater numbers, more new investment proposals are coming forward and the industry is attracting a greater flow of new funds. The industry has been through hard times before, yet this experience has left its reputation uncomforably scarred. It holds lessons for those in Europe who hold up US venture capital as a model, which reminded one fund manager of sharks feeding to a feeding frenzy. Inevitably, the poor quality projects soon showed. TVI, for instance, has lost six of its 1983 complement of 42 companies; and nobody knows exactly how many fatalities occurred across the rest of the industry. Badly managed companies were not the only ones to suffer. As the accompanying chart shows, a large proportion of US venture capital is invested in technology. A sudden flood of money into a handful of fashionable sectors like microprocessors or disk drives which seemed to promise high growth, only contributed to the saturation of those markets and the bleeding that followed. "We had to take on competition at a level for which we were not prepared," says Mr McMurry. "We had not realised that the most effective competition for a start-up is another start-up. They will both be tackling a very precise niche and moving very fast, so only one of them is going to win." Venture capital's own grim version of natural selection means that problem has receded recently, though it has not gone away. Revealingly, just 10 US microcomputer producers



A steep and painful learning curve

By William Dawkins

companies set up by 58 per cent to \$2.5m in 1983, climbing further to \$4m the following year. Scores of inexperienced new investment groups joined the industry, tempted by its glittering success stories. The survivors from the first round casualties ran into a different dilemma. Their financing needs reached a peak just as investors' earlier optimism started to crumble.

As any venture capitalist knows — but can all too easily forget — a small start-up can often swallow three or four times the value of its first round financing before it is ready to be sold or go to the stock market. Working capital needs will tend to get heavier towards the end of the process as the first products emerge. Mr Peter Crisp, a partner in Venrock Associates, the New York firm which handles the Rockefeller family's private fortune, explains: "A lot of companies formed 16 to 20 months ago were at their peak cash burn rates when the environment for venture capital was at its most hostile." The result was to produce some of the biggest losses ever seen from venture-backed companies. Among the most painful disasters of last year are Atari Corporation, a disk drive producer, and Gavilan Computer, a personal computer manufacturer. Californian companies which swallowed \$90m and \$100m of venture capital respectively before filing for bankruptcy.

In some cases, venture capitalists' new caution was just as overdue as their earlier excitement. All this has left US venture capitalists rather wiser — though not necessarily sadder — before the bad days of 1983. The experience has also highlighted profound changes taking place in technology-related manufacturing industries, whereby profitable market niches suitable for small businesses are getting shorter lived and harder to identify.

This means it is no longer good enough just to find money at a good time serving a fast expanding business area. "In the 1970s, if you had good management in a growing market, you were OK. But that is no longer true. You also have to find a market that cannot be invaded easily," says Mr Bill Egan, a founder of the Boston venture group Burr, Egan, Deaggs & Co. He cites computer hardware as a prime example of a once fast-growing market that is becoming increasingly ungainly for start-ups. "That means the technology has to be different — in areas like data processing and handling of information," says Mr Egan. "Where we are with hardware is like television in the 1960s. There are plenty of boxes, but we are less developed when it comes to finding something to show on them." The US venture capital shake-out has meanwhile driven

home the case with which venture capital funds can suddenly find themselves lumbered with more companies than their managers can handle. Most US venture capitalists believe in adding value to investments by getting closely involved in management. For that reason, they will often be prepared to back earlier stage businesses than more traditional "hands-off" groups as characterised by the venture capital arms of several British merchant banks.

By unfortunate coincidence, formerly popular technology sectors became overcrowded just when many venture capitalists were too busy with too many investments to offer the management help needed by their troubled companies. "Even now," says TVI's Mr McMurry, "there are some firms where individuals are sitting on 19 or 20 boards of directors. You simply can't know enough about that many companies to take an active part." The fact that British venture capitalists have not yet felt a shake-out of US proportions underlines differences in the way the UK and American industries work. Both are funded mainly by financial institutions like pension funds and insurance companies, but while investments are made predominantly in the US by small independent fund management groups, UK venture capitalists are more frequently employed by large

banks or pension funds. This means that British institutionalised venture capital groups are likely to be more cautious and slower in making investment decisions than their US counterparts. They have more protection agencies making mistakes, though they might take fewer risks than independent US fund managers.

Moreover, British venture capitalists have never seen a new issues market downturn of the same scale as the US. The market for venture-backed new issues in the UK over the century (IPO) market plummeted from £1 in 1983 to just 54 the following year, with devastating effect on the climate for raising private capital. London's Unlisted Securities Market has a much more stable record. The worst however, is now over. Venture Economics records that 45 small companies raised almost \$40m on the US OTC in the first quarter of this year, well over twice the amount raised in the same period in 1983. That is still well short of 1982 levels, when venture-backed companies raised a record \$28m from initial public offerings, but it is significant that the market is starting to pick up. The industry this year comes from sectors that investors would have cold-shouldered as little as six months ago. They are Microcomputer Corporation, a Washington (state) based software and hardware designer, and M2 McMurtry's deal, capitalised at \$51m and Sun Microsystems, a California maker of technical workstation, valued at \$41m. In the wake of the share arrival, US venture capitalists are now busy negotiating deals, not hopeful high flyers for flotation later this year. Lower down the scale, memories of Steve Jobs and the other half-gone or so \$20m plus venture-backed disasters of 1985 linger ominously. It is difficult for later stage ventures to attract so-called mezzanine finance, the last round of funding before a planned flotation. "People are still unwilling to jump into the fray," says Mr McMurry. "Investors are more market value-conscious in the past, tending to 'let upturns' in new issues, so most experts believe it is only a matter of time before the mezzanine finance market begins to pick up. There is certainly a lot of money being put up waiting to be invested. According to Venture Economics, the industry is now in the process of raising \$2.2bn for new funds, well up on the \$2.3bn attracted in the whole of last year." If institutional investors feel more like throwing the risk game, the signs are that they are getting choosier. Some of the smaller and less experienced funds could well end themselves starved of new cash this year. "Our investors say that they are getting more selective and that they are putting more money into fewer funds this year," says Mr Byers. But few people expect this long. Mr Pratt of Venture Economics points out that the industry has always been volatile and will probably continue that way. We seem to have all our time swinging between states of agony and ecstasy," he says. "Right now we are somewhere in between — and we are moving fast."

A good deal dearer

Bob McElwaine, who 40 years ago, used \$2,500, acquired partly from poker winnings, to start a dealership in the US, talked yesterday about the astronomical costs of getting into the business in 1986. Today, it costs at least \$1m to set up a dealership. Earlier this year, a BMW-Rolls-Royce dealership in southern California changed hands for \$3.5m and "that didn't include land or buildings. All the buyer got was the right to pay \$45,000 a month rent." A Mercedes dealership in California is up for sale now for \$15m. "That could be a world record," McElwaine said at the Financial Times motor industry conference in Geneva. He pointed out that, because the car manufacturers sell out their franchises to individuals and not to corporations, anyone selling a dealership today has very few potential customers capable of writing personal cheques in seven figures. "Since it is an accepted fact that the two happiest days of a dealer's life are when he sells his dealership and when he buys it, this puts stringent limits on his happiness," said McElwaine, who is president of the American International Automobile Dealers Association. Perhaps the most awe-inspiring statistic he produced was the fact that the annual advertising budget in the US for a major importer such as Toyota or Nissan is now more than \$200m. "Just think," McElwaine mused, "the cost of an entire new car factory merely for a year's advertising."

Coffee break

Dr Garret Fitzgerald, the Irish Prime Minister, who has spent much of his time in office struggling to redress inequities in ailing industries, yesterday personally intervened to ensure the future of a revered Dublin institution, Bewley's coffee shops. Bewley's famous establish-

Men and Matters

ments, complete with leather benches and newspapers for breakfast clients, still fill the morning air of Grafton Street and Westmoreland Street with the rich smell of fresh coffee and remain a favourite haunt for many Dubliners. But change may finally be on the way with the appointment of 46-year-old Bob Raggatt as deputy director of corporate communications at a company who currently works for Telecom magazine of the US and Jane's defence publications. Raggatt is respected as a shrewd and independent-minded commentator on the telecommunications industry. He decided to take the job after being wooed for almost a year by top BT brass including chairman, Sir George Jefferson and chief of operations Iain Wallace. Raggatt joins in August and is tipped to succeed Peter Young as head of the department when the latter retires a year later.

Raggatt believes the department, which includes advertising, trade fairs and investor relations among its responsibilities, could use a reorganisation to make it more flexible and responsive. His first task will be to try to improve BT's relations with the press, an area where he acknowledges there are problems. "A lot of rubbish is written about BT," he says, partly because the company's own PR spokesmen have been too defensive and concerned with "keeping their noses clean." He favours a much more positive and outgoing style. "The art of being a good press officer is to know your journalists," he says.

Ring-fence

Any corporate public relations department which forbids its main switchboard to disclose the directional number of its director and routinely requires its press officers to take written records of conversations with journalists is apt to appear a tripe bureaucracy. Such practices have earned British Telecom's 120-strong corporate communications department a reputation as less than helpful among those who have to deal with it regularly. Critics include not only journalists but other companies' PR men and some BT

Safer deposits

There are still a lot more bank robberies in Quebec than in any other Canadian province — but

gradually, the police seem to be getting things under control. Between 1978 and 1981, Quebec achieved some notoriety. Robberies averaged about 300 a year, mostly in Montreal, and accounted for some 70 per cent of Canada's total. Last year, says a grateful Canadian Bankers Association, robberies across the country were down to 291, including 444 in Quebec. The average take was C\$3,200. Most hold-ups these days are by "beggar-bandits," or young men, sometimes armed, who wait their turn in the queue to pass threatening notes to the tellers and make off with amounts of around C\$500-700. They often keep coming back for more until they are caught. Montreal police now capture about 70 per cent of robbers, and Toronto police have raised their success rate to 80 per cent. "The days of heavily-armed gangs of masked bandits, terrorising a branch and shooting it up, appear to be long past, thanks to better police work, better bank security, smaller cash floats and tougher sentences."

Today's man

Eddy Shah's Today, which has prided itself on its independence of all political parties, has just appointed Christopher Monkton of the Downing Street policy unit as an assistant editor. Monkton, who began his career as an office boy on the Yorkshire Post, has spent the past 12 years hopping between politics and journalism. He has been leader writer for the Yorkshire Post and for the Standard, written speeches for Geoffrey Howe, worked at the Conservative Central Office as press officer, and edited The Universe. At Today, Monkton will be "helping out with the paper's political line." His greatest challenge, he says, will be to "strike a balance between loyalty to my present employers and writing intelligent criticisms of Government policy."

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POLITICS TODAY

The Treasury's £2bn card

By Malcolm Rutherford



Mr John MacGregor, Treasury Chief Secretary.

THIS IS the time of year when the Treasury breaks out in a cold sweat about the level of government spending...

Departmental bids for funds are approved by the desk of Mr John MacGregor, the Chief Secretary to the Treasury...

1987-88, is being concentrated on priorities within departments. The Treasury's spending review...

eye to eye, the Star Chamber will be resurrected. Viscount Whitlaw, who presides over it...

EEC CEREALS POLICY

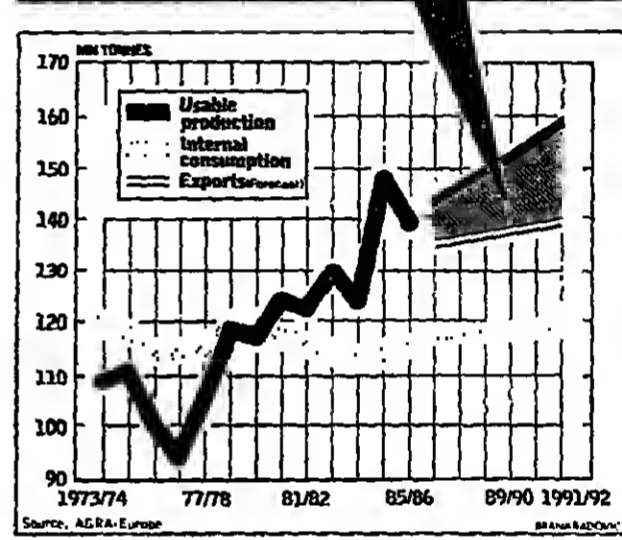
Ear-bashing for the CAP

By Andrew Gowers

price and to the possible returns from alternative farm products. Even if the cuts go further...

Such fundamental structural questions have long been subordinated by European farm politicians to the more interesting...

EEC CEREALS SURPLUS



Source: AGRI-Europe. * Excluding Spain and Portugal.

A disgraceful precedent

From the Chairman, Britannia Refined Metals. Sir—Mexico's current debt problem is based on borrowing from the world commercial banking system...

Letters to the Editor

with the Mexican borrowing situation be surprised if Mexico decides to follow this disgraceful precedent?

and express ideas competently in a verbally demanding education system which is still heavily loaded against them.

paper market. Incidental expenses are also deductible. The crucial amendment comprised the insertion of a mere four words in the relevant schedule...

Race against time

From Mr J. Seccombe. Sir—A report on May 27 says Ethiopian leader Mengistu Haile Mariam has offered to train and arm 10,000 combatants from South Africa and Namibia...

Market for the big boys

From the Group Taxation Manager, Cadbury Schweppes. Sir—Mr Tegner (May 27) need not worry. The 1985 Finance Act amended the legislation on deep discount securities...

Myths and errors in raiding the pension funds

From Mr M. McShee. Sir—Your editorial "Raiding the pension funds" (May 19) perpetuates a number of myths and errors that may ensure the and errors that may ensure the occupational development of an occupational pension in an occupational pension...

may decide, however, that a trust fund should be established for the purpose of accumulating funds to perform on the trustee's behalf...

the "balance of cost" of providing the promised benefits. This may turn out to be more or less than expected.

absolutely low is disappointing, in the grounds that safeguards for "beneficiaries" (do you mean participants?) may be inadequate.

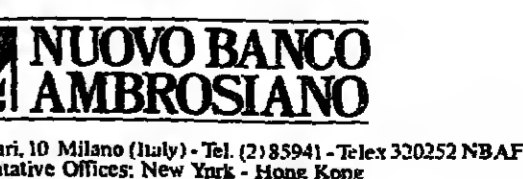
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Changing ventilation into air ecology The new Veni-Axia T series

FINANCIAL TIMES

Friday May 30 1986



Alan Cane considers how Sperry and Burroughs will bridge their compatibility gap

Blueprint for a digital Tower of Babel

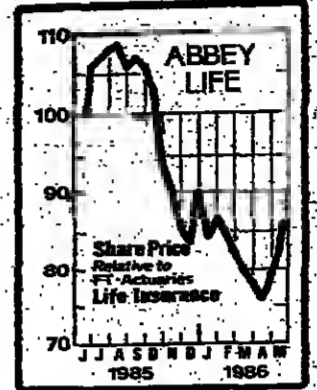
THE IMMINENT merger of Sperry and Burroughs, the US computer groups, can hardly be a marriage of convenience...

Containing incompatible computer architectures (functional designs) by highlighting the fact that IBM has no fewer than seven separate architectures...

It costs IBM \$3,000 to manufacture such a device. It simply bolts the units together to create more and more powerful machines.

THE LEX COLUMN

One-year itch at ITT



ITT's almost indecent haste in disposing of its 51.3 per cent stake in Abbey Life is more a reflection of its own cash needs than a 'sell at best' panic.

no doubt, stuck up at the end of the year. But Saatchi will remain in the treadmill for as long as you like.

Transfers of currency cost S. Africa \$117m

BY JIM JONES IN JOHANNESBURG BREGACHES as foreign exchange regulations by the black-owned African Bank has lost South Africa \$117m...

Warsaw closer to IMF membership

BY STEWART FLEMING IN WASHINGTON AND CHRISTOPHER BOBINSKI IN WARSAW POLAND could borrow up to a cumulative total of some \$3bn from the International Monetary Fund (IMF)...

\$655m bid for Anderson, Clayton

BY OUR FINANCIAL STAFF ANDERSON CLAYTON, the big US food processing group, which in February launched a controversial \$550m recapitalisation plan...

Boots

Boots spent its day trip from Nottingham showering the City with analysts of what its figures would have looked like if this property surplus or that currency fluctuation had not occurred.

Saatchi & Saatchi

Producing rabbits out of hats being the norm, there was little room for Saatchi & Saatchi to spring real surprises yesterday.

Ferruzzi

The involvement of Ferruzzi in the S&W Berisford although has been shrouded in obscurity from the first.

ITT sells stake in Abbey Life for £275m

Continued from Page 1 S.G. Warburg said the placing had been widespread with no single shareholder holding more than 5 per cent of Abbey Life's shares.

Foreign selling sparks new fall in Milan

Continued from Page 1 The foreigners have been selling the earth, commented Mr Alessandro Valeri of Banca Mansuetti, adding: 'The domestic Italian fund managers have meanwhile stepped in and picked up many shares at lower prices.'

Ferruzzi lifts stake in Berisford

Continued from Page 1 lengthy monopolies investigation, and is now examining other possible acquisitions. Mr Harry Solomon, joint chairman, said yesterday that the company had made 'a good profit' on its sale of Berisford shares to Ferruzzi but declined to be more specific.

World Weather table with columns for location, temperature, and weather conditions.

OECD report optimistic

Continued from Page 1 area and to drop slightly to 3 per cent in 1987. That compares with the expectation last December that inflation would level out at around 4.5 per cent.

Fermenta officials defend record

By Kevin Done in Stockholm THE HALT in trading of Fermenta shares on the Stockholm stock exchange, which has been in force since Wednesday, will continue today, the board of the bourse announced yesterday.

Wall Street UP 13% I.G.'s Client UP 600% advertisement with a line graph and contact information for I.G. Index Ltd.

SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Friday May 30 1986

SHEERFRAME Britain's largest producer of uPVC window and door systems.

EXPERIENCE, EXPERTISE AND TEAMWORK WORLDWIDE TAYLOR WOODROW

CGE boosts profits by almost 50% in 1985

By PAUL BETTS IN PARIS COMPAGNIE Generale d'Electricite (CGE), the French state-owned electronics, engineering and telecommunications group, yesterday reported a rise of nearly 50 per cent in consolidated net group earnings to FF 1,153bn (\$163m) last year from FF 797m in 1984.

operations totalled FF 1,01bn last year and were 40 per cent higher than in 1984. In contrast, consolidated group sales rose by only about 6 per cent to FF 71,9bn last year, reflecting the slowdown in large French nuclear, railway and telecommunications programmes, as well as the impact of foreign currency translations.

of the decade. Of this, a third would go towards external growth. As part of his efforts to boost CGE's presence in the US market, Mr Peberou is now awaiting the final go-ahead from the French Government for a deal with AT&T. The controversial deal, which has been held up for months by the French authorities, would give AT&T a 18 per cent share of the French public telephone switch market in return for boosting the efforts of CGE's Alcatel subsidiary to sell its digital telephone switching system in the deregulated US market.

Pacific Lighting to buy Thrifty

By Terry Dodsworth in New York PACIFIC LIGHTING, the California utility which set out on a diversification programme two years ago, has reached agreement to acquire Thrifty, a retail drug and discount stores chain, in a share exchange deal worth \$866m.

CLOUD LIFTS FROM WEST GERMAN ASSET DISPOSAL PLANS Bonn privatisation back on course

BY DAVID BROWN IN FRANKFURT AFTER MORE than a year in the doldrums, West Germany's privatisation programme appears to be back on course with the disclosure of terms for the partial privatisation of Viag, the energy, aluminium and chemicals concern with sales of DM 12 19bn (\$5.37bn).

rowing requirement, and to further boost the equities market. In early 1984 he succeeded in trimming Bonn's stake in Veba, the country's largest industrial group, to 30 per cent. This ended the Government about DM 80m.

After roughly unchanged net profit last year of DM 122m, the management has promised a payout at least level with the DM 5 per share last year, despite expected difficulties in the aluminium business which could lead to lower earnings.

volume this year already exceeds the DM 1.8bn of 1985. So far, share issues have won an enthusiastic reception even though share prices appear to have stabilised at a high level.

Saab hopes to boost US sales

By Kenneth Gooding in Geneva SAAB, the car division of Sweden's Saab-Scania group, is on course for pre-tax profits in 1986 of between SKr 800m (\$110m) and SKr 1bn, compared with last year's SKr 822m, according to Mr Sten Wennlo, chief executive.

Renault plans paint link with Hoechst

By OUR PARIS STAFF RENAULT is in advanced negotiations with Hoechst to link up its paint manufacturing activities with the large West German chemicals producer. The move is part of the French state-owned car group's continuing rationalisation efforts to cut losses, which totalled FF 10.9bn (\$1.5bn) last year.

large car manufacturers buy their paint from paint and chemical manufacturers. The rationalisation of the Renault paint business is the latest example of the sweeping and ongoing restructurings undertaken by Mr Georges Besse, the Renault chairman, to reduce losses and gradually return the group's operations to profit.

INI reduces year-end losses as cash flow turns positive

By TOM BURNS IN MADRID INSTITUTO Nacional de Industria (INI), the Spanish public sector holding company, yesterday announced reduced losses in 1985 and a positive cash flow for the first time since 1978.

flow against a negative Pta 1.2bn cash flow the previous year. Income for the 63-company conglomerate increased 5.8 per cent in 1985 to Pta 1,7bn and financial costs, due to reduced borrowing requirements and falling interest rates, were down 7.6 per cent from Pta 228.4bn to Pta 209.1bn last year.

INI's losses have represented a growing burden on the Spanish economy for the past decade. A streamlining and privatisation programme was introduced by Mr Carlos Croissier, a young Socialist Party economist appointed chairman by the Government late in 1984.

decision in February to acquire INI's car manufacturer Seat. The Spanish car firm, once part-owned by Fiat, went into the red in 1978 and posted losses of Pta 38.5bn in 1985, 22.4 per cent of INI's total losses. As much as 85 per cent of the holding's consolidated losses were caused by Seat, the national airline Iberia and by INI's shipbuilding, steel and capital goods divisions.

Rockwell plans cut in workforce

By Our Financial Staff ROCKWELL INTERNATIONAL, the big US defence and aerospace group, plans to lay off about 8,000 employees because of a slowdown in manufacturing activity on its B1-B bomber project.

FDIC seeks portfolio bids

By Mary Frings in Dallas THE FEDERAL Deposit Insurance Corporation (FDIC) has taken quarter-page advertisements in leading US newspapers to solicit bids for a \$120m bank loan portfolio.

Veba hopes to maintain earnings at year-end

By OUR FRANKFURT STAFF VEBa, the energy conglomerate which is West Germany's largest industrial group, hopes to repeat its record 1985 performance this year despite lower turnover in the first quarter.

per cent to DM 2.84bn). An extensive rationalisation in all four Veba business areas accounted for the surge, which is 25.8 per cent owned by the state. Earnings climbed from DM 584m to DM 752m on a total turnover of DM 48.3bn. The dividend was increased by DM 1 to DM 10 per share.

Suez unsettled by doubts on leadership

By David Marsh in Paris COMPAGNIE FINANCIERE de Suez, the French nationalised holding company, said yesterday uncertainty over the future leadership of the group was starting to unsettle its business.

Ireland attracts Norsk Data

By HUGH CARMONEY IN DUBLIN NORSK DATA, the Norwegian computer maker, is to set up its first overseas manufacturing plant in Ireland in an 110m (\$7.9m) project backed by the Irish Industrial Development Authority (IDA).

Liffe moves closer to 24-hour trading

By ALEXANDER NICOLL IN LONDON THE London International Financial Futures Exchange (Liffe) plans a further step towards round-the-clock trading of financial futures contracts through a link with the Sydney Futures Exchange.

All of these Warrants have been offered outside the United States and may not at anytime be offered or sold in the United States or to citizens or residents thereof. This announcement appears as a matter of record only.

New Issues / May, 1986

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Vertical advertisement on the left edge of the page, partially obscured and difficult to read.

INTERNATIONAL COMPANIES and FINANCE

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Amsterdam, Geneva, Hong Kong, London, Paris

May 1986

Times-Mirror agrees to buy A. S. Abell

By Terry Dodsworth in New York

THE US newspaper industry continued its round of consolidation yesterday when Times-Mirror, owner of the Los Angeles Times, announced that it had agreed to acquire A. S. Abell, the publisher of the Baltimore Sun, for \$600m.

The agreement, which follows the recent \$309m acquisition of the Louisville Courier-Journal and Times by the Gannett group, will give Times-Mirror the dominant position in one of the US's biggest urban markets. At present, the company's main publications are centred on Los Angeles, where its flagship newspaper has a circulation of over 1m; in Dallas, Texas; Hartford, Connecticut; and Denver, Colorado.

Although the acquisition will have to be approved by the Federal Communications Commission (FCC), and is subject to execution of a definitive agreement, Times-Mirror said last night that 80 per cent of Abell's stock had already been committed to the deal.

It is likely that the company will have to dispose of Abell's WMAR-TV television station in Baltimore, because current FCC rules prohibit the acquisition of combined newspaper and broadcasting assets in the same market. Times-Mirror, however, should be able to retain ownership of Abell's second television station, WRLH-TV, an independent station in Richmond, Virginia.

Abell runs three publications in Baltimore, the Baltimore Sun, which has a daily circulation of almost 205,000, the Evening Sun, with a circulation of 152,000, and the Sunday Sun, which has a circulation of 428,000.

Electrolux shares

ELECTROLUX of Sweden is to issue 8 million shares as part of its international equity placing, and not 2 million as wrongly reported yesterday.

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SWITZERLAND

Block joins board as Deere halves dividend after loss

BY PAUL TAYLOR IN NEW YORK

DEERE, the leading US farm-equipment manufacturer, has halved its quarterly dividend to 12.5 cents a share.

The company also announced that Mr John Block, the 51-year-old former US Agriculture Secretary, had been elected to its board of directors.

The Illinois-based group, which last week reported a \$33m loss in the second quarter after a \$32.2m reorganisation provision, blamed

the cut on "the current pressure on the company's operating results and the need to conserve cash for investments in cost reductions and new products for our core businesses."

It has suffered badly in the continuing farm depression. Earnings went \$87.8m into deficit in the fiscal first half compared with net earnings of \$6.6m in the year-ago period.

Meanwhile, Moody's, the US credit-rating agency, has down-

graded Deere's long-term debt rating from A-3 to A-2. The agency said lower production levels were required this year to reduce dealer inventories, and that would result in an operating loss.

Mr Block's appointment to the Deere board follows his decision to step down as Agriculture Secretary in February to become president of the National American Wholesale Grocers' Association, a prominent trade organisation.

Income falls at Nord-Est

By Our Financial Staff

NORD-EST, the French investment company with holdings in the metals, minerals, transport and financial sectors, said its consolidated net income fell 29 per cent from FF 99.5m in 1984 to FF 71m (82.2m) last year.


The decline primarily reflected income from the sale of securities which fell to FF 14.7m from FF 54.5m a year earlier.

Operating income rose to FF 36.4m from FF 43m. This factor allowed Nord-Est to boost its annual dividend payout to FF 2.5 a share.

BEAR STEARNS

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April, 1986

NEW ISSUE These securities having been sold, this announcement appears as a matter of record only. MAY 1986

U.S. \$100,000,000



Yokohama Asia Limited
横濱亞洲有限公司
(Incorporated in Hong Kong)

7⁵/₈ per cent. Guaranteed Notes due 1991

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May 30 1986
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INTL. COMPANIES & FINANCE

FAI Insurances launches bid for Pioneer Concrete

BY ROBERT KENNEDY IN SYDNEY

FAI INSURANCES Australia's largest general insurer, yesterday launched a bid for control of Pioneer Concrete Services which values the building products group at just over \$A1bn (US\$277m).

FAI already holds some 17.7 per cent of Pioneer, acquired over the past few months at a cost of more than \$A160m. The move to gain at least two thirds of Pioneer came as a surprise, however. Although an aggressive investor, FAI had previously confined its takeover

activity to companies in its own industry.

It is offering AS2.75 a share for 60 per cent of each Pioneer shareholding. If successful, it will be the holder of 67 per cent, and at that level of acceptance it will bid for all of Pioneer.

A Pioneer official indicated last night that he gave the offer little chance of success at the price offered.

The terms represent about 9.5 times Pioneer's 1984-85 net profits of AS105m and less

than nine times estimated 1985-86 earnings of AS115m.

Pioneer, which also has sizeable interests in energy and uranium ranks among Australia's top 25 companies by capitalisation. Share buying by FAI has prompted defensive purchases on behalf of Pioneer, BHP, which is estimated to have about 4 per cent of Pioneer, is already involved in activities related to those of Pioneer, through its 40.8 per cent stake in Blue Circle Southern Cement.

JAL dives into red and passes dividend

By Carla Rapoport in Tokyo

JAPAN AIR LINES, Japan's national flag carrier, slid into losses in the year ended last March as a direct result of the drop in business following the crash of a JAL Boeing 747 in central Japan which killed 520 people last August.

The company omitted dividend payments for the year. Pre-tax losses were ¥1,630bn (\$6,650m) compared with profits of ¥22,500bn last year. Sales slipped 0.4 per cent to ¥824bn. Revenues from its domestic passenger business were down 13.4 per cent in the year, while international sales rose 4.3 per cent.

JAL said yesterday that major revisions in the engineering and maintenance departments are being put into effect as part of an organisational restructuring which will take place from this weekend. These changes will include the hiring of another 100 engineers for inspection and customer-related activities, as well as enacting measures to support "long-term increases in maintenance capabilities."

"JAL is steadily implementing these new measures, aiming at a recovery of public confidence in air transport in Japan. However, some have only recently been implemented and the effect of last year's August accident is still considerable in the domestic market," the company said yesterday.

In the year just ended, JAL paid out ¥1bn for expenses related to the August crash. However, this sum does not include any payments for settlements with the victims' relatives. After extraordinary losses, the deficit was ¥6,740bn against earnings of ¥7,180bn.

For the current year, JAL forecasts sales of ¥833bn and pre-tax profits of ¥600bn.

Indian airlines to merge

By K. K. Sharma in New Delhi

AIR INDIA, the Government-owned international airline, is to be merged with Indian Airlines, the country's domestic carrier, over the next three years during which their fleets will integrate.

This was announced yesterday by Mr Jagdish Tytler, Minister for Civil Aviation, at a press conference where he also said that the Government had approved the launching of an air taxi service in the country.

Under the air taxi scheme, all 10-seater aircraft registered or manufactured in India would be allowed to operate as chartered air taxis. Aircraft imported by non-resident Indians can also be used as taxis after they have fulfilled customs formalities.

Mr Tytler said Indian Airlines had recorded a profit of Rs 587m (\$47.45m) last year which was Rs 86m higher than forecast. Air India and Vayudoot, the recently launched airline operating in hilly regions and linking small towns, were also expected to register record profits, Mr Tytler said.

JAPANESE RESULTS

MITSUBISHI METAL NON-FERROUS SMELTING			
Year to	Mar '86	Mar '85	%
Revenue (bn)	492	481	
Pre-tax profit (bn)	10.51	9.74	
Net profit (bn)	3.22	3.43	
Net per share	5.89	6.15	
Dividend	5	5	
MITSUBISHI OIL OIL REFINING, DISTRIBUTION			
Year to	Mar '86	Mar '85	%
Revenue (bn)	1,058	1,194	
Pre-tax profit (bn)	1.90	1.77	
Net profit (bn)	1.04	1.26	
Net per share	56.79	130.86	
Dividend	3	0	
SNOW BRAND MILK PRODUCTS DAIRY PRODUCE			
Year to	Mar '86	Mar '85	%
Revenue (bn)	445	443	
Pre-tax profit (bn)	8.38	9.26	
Net profit (bn)	2.38	2.82	
Net per share	11.77	11.53	
Dividend	6	6	

Bell calls for truce with BHP

BY JOHN McWRAITH IN PERTH

MR Robert Holmes a Court called yesterday for a truce with the board of Broken Hill Proprietary (BHP) and for negotiations that would end what he described as the current corporate warfare.

However, at the Bell Resources annual meeting in Perth, he did not raise out another bid.

Bell Resources is part of the bigger Bell Group, although nearly a fifth of the shares are now held by BHP as a result of an earlier defensive move, Mr Holmes a Court said yesterday that Bell Resources was not under financial pressure to

launch a fresh bid—it had undrawn lines of credit of AS2bn (US\$2.16bn) and was experiencing no difficulty in meeting the cost of its current holdings.

Questioned after the meeting, he agreed with the view generally held in Australia that "either we or John Elliott (chairman of Elders IXL) would have eventually had to get off the BHP register," and that the current position with BHP was unstable.

Elders has nearly a fifth of BHP, but this and a BHP cross-holding in Mr Elliott's company is currently the subject of an

inquiry. Mr Holmes a Court meanwhile told shareholders that late counting had increased Bell Resources' holding in BHP to 29.2 per cent.

The cost of the 367m BHP shares in which Bell Resources now had a relevant interest—including the 150m just acquired—had been met partly from internal funds, such as AS\$2m in new equity, and partly in Australian dollar-denominated loans.

He predicted that Bell Resources net profits for the half-year to June would be more than double the previous AS\$3.6m.

Japanese banks under pressure

BY YOKO SHIBATA IN TOKYO

JAPAN'S 12 "city" or commercial banks suffered a 1 per cent dip in combined pre-tax profits in the year to March, to ¥1,119bn (\$6,420m). The fall, the first for six years, was brought about by higher funding costs as deregulation of interest rates put pressure on margins.

Operating profits improved 7.5 per cent, thanks to a 4.5-fold jump in earnings from public bond dealings to ¥105bn.

Money market certificates became available from April and take restrictions on deposits above ¥1bn were removed the previous October. These and other variable rate instruments, including certificates of deposits and foreign currency deposits, accounted for 66 per cent of total funds raised during the year.

The Bank of Japan's credit squeeze last October, pushing

JAPAN'S COMMERCIAL BANKS						
Parent company results for year to March 1986						
	Revenues	Change	Pre-tax	Change	Net	
	Y bn	%	profit	on year	profit	
			Y bn	%	Y bn	
Dai-ichi Kangyo	2,075	-4.9	140.94	+5.3	70.15	+14.7
Fuji	1,880	-8.5	154.38	+6.7	72.09	+4.8
Sanmei	1,878	-8.7	157.20	-0.8	81.84	+9.1
Mitsubishi	1,710	-11.4	127.37	-4.0	70.48	+13.4
Sanwa	1,716	-7.8	129.07	+6.8	68.22	+16.3
Tokai	1,223	-4.3	73.27	-8.5	32.79	-15.1
Mizuho	1,178	-12.1	67.26	-9.4	34.70	+4.7
Bank of Tokyo	1,139	-19.9	71.92	-18.2	39.13	+29.2
Taiyo Kobe	1,030	-2.8	48.74	-5.9	22.20	+15.4
Daiwa	697	-1.1	57.87	+47.0	17.46	+9.8
Kyowa	458	+1.4	44.05	+24.7	19.88	+33.9
Saitama	592	-4.2	37.88	-4.1	16.72	+12.0
Hokkaido Tokai	518	-9.4	22.97	-14.1	11.05	+13.7

short-term interest rates higher in order to buy the yen, also increased funding costs considerably.

Lending yields meanwhile declined, reflecting a series of reductions of long-term prime rates.

All except Tokai Bank reported a sizeable gain in net profits, though, thanks to the steep appreciation of the yen.

AEGON BEGINS 1986 WITH NEW HEAD OFFICES AND AN 11% RISE IN EARNINGS.

Fill in the coupon for more information about AEGON's encouraging first quarter results in 1986 - the rise in net earnings to Dfl76.9 million (US\$29.4 million), and a substantial increase in revenue on both sides of the Atlantic.

AEGON Insurance Group
NASDAQ trading symbol AEGNY

To: AEGON Insurance Group, P.O. 202, 2501 CE The Hague, The Netherlands.
Please send me more information about AEGON.

Name _____
Address _____

AEGON Insurance Group - International growth from Dutch roots

Wells Fargo & Company
U.S. \$150,000,000

Floating Rate Subordinated Notes due 1992

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Sub-period 30th May, 1986 to 30th June, 1986 the Notes will carry an Interest Rate of 7 1/8% per annum. The Interest accrued for the above period and payable on 31st July, 1986 will be US\$61.14 per US\$10,000 Note.

Agent Bank: Morgan Guaranty Trust Company of New York London

Wells Fargo International Financing Corporation N.V.
U.S. \$50,000,000

Guaranteed Floating Rate Subordinated Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Sub-period 30th May, 1986 to 30th June, 1986 the Notes will carry an Interest Rate of 7 1/8% per annum. The Interest accrued for the above period and payable on 31st July, 1986 will be US\$60.00.

Agent Bank: Morgan Guaranty Trust Company of New York London

U.S. \$100,000,000

First Bank System, Inc.

Floating Rate Subordinated Capital Notes Due 1997

Interest Rate 7 1/8% per annum

Interest Period 30th May 1986 to 29th August 1986

Interest Amount per U.S. \$50,000 Note due 29th August 1986 U.S. \$900.52

Credit Suisse First Boston Limited
Agent Bank

April 1986
This Announcement appears as a matter of record only.

INESPAL
ALUMINA ESPAÑOLA, S.A.

Guaranteed by INESPAL - Industria Española del Aluminio, S.A.

US\$110,000,000
Transferable Loan

Arranged by **Lloyds Merchant Bank Limited**

Lead Managers: Lloyds Bank Plc, Banco Central, S.A., Banco di Napoli, Chemical Bank International Group, Credit Suisse, Kansallis Banking Group, Saudi International Bank, Al-Bank Al-Saudi Al-Alami Limited

Managers: Istituto Bancario San Paolo di Torino, Paribas Finance Limited

Participants: Caja de Madrid, Caixa d'Estalvis de Catalunya, Banque Commerciale pour l'Europe du Nord (Eurobank)

Facility Agent: **Lloyds Merchant Bank**

These Notes having been sold, this announcement appears as a matter of record only.

New Issue April 1986

Landesbank Schleswig-Holstein Girozentrale
(Incorporated under Public Law in the Federal Republic of Germany)

A\$30,000,000
12 1/2% Notes due 1989

Orion Royal Bank Limited
Landesbank Schleswig-Holstein International S.A.
Citicorp Investment Bank Limited

Algemene Bank Nederland N.V.
Banque Paribas Capital Markets Limited
BHF-BANK International
Crédit Lyonnais
Hambros Bank Limited
Landesbank Rheinland-Pfalz International S.A.
Merrill Lynch Capital Markets

Bank Bruxelles Lambert S.A.
Bayerische Landesbank International S.A.
CIBC Limited
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
Helaba International S.A.
F. van Lanschot Bankiers N.V.
J. Henry Schroder Waggs & Co. Limited
Westpac Banking Corporation

CITICORP
U.S. \$500,000,000

Subordinated Floating Rate Notes Due May 29, 1988

Notice is hereby given that the rate of interest has been fixed at 7 1/8% and that the interest payable on the relevant Interest Payment Date August 29, 1986 against Coupon No. 1 in respect of US\$1,000 nominal of the Notes will be US\$183.68 and in respect of US\$250,000 nominal of the Notes will be US\$4,592.01.

May 30 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank **CITIBANK**

ARAB LATIN AMERICAN BANK
U.S. \$40,000,000

FLOATING RATE CERTIFICATES OF DEPOSIT 1986

For the six months from 30th May 1986 to 28th November 1986 the Certificates will carry an Interest Rate of 7 1/8% per annum. The interest payable on the relevant interest payment date, 28th November 1986, will be U.S.\$18,326.39 per \$500,000 Certificate and U.S.\$9,163.19 per \$250,000 Certificate.

AGENT BANK
CHEMICAL BANK INTERNATIONAL LIMITED

INTERNATIONAL COMPANIES and FINANCE

INTERNATIONAL BONDS

Kodak convertible to raise \$275m

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

WITH THE fixed rate dollar bond market in the doldrums, issue managers were turning their attention to equity related issues yesterday. Eastman Kodak launched a \$275m, 15-year convertible through Salomon Brothers.

Japanese equity-related bonds which have quickly soared to high premiums, this deal moved slightly and was quoted at a discount of 1/2 per cent by Daiwa in the late afternoon. Total fees are 2 1/2 per cent.

Also in the convertible sector Drexel Burnham Lambert launched a \$100m, 15-year bond for Alco Health Services Corporation of the US. This carries an indicated coupon of 6 to 6 1/2 per cent and an expected conversion premium in the range 25 to 30 per cent.

Telegraph and Telephone is now offering Ecu 130m of seven year bonds at 7 per cent with an issue price of 100 1/2 per cent. Lead manager is Banque Paribas which has also arranged for the proceeds to be swapped into Yen.

US banks to battle on against Fed ruling

By William Dulforce in Lugano

US COMMERCIAL banks will press Congress to amend banking legislation if an appeal against a decision to prohibit them from underwriting commercial paper is dismissed, Mr David Mace president of Irving Trust company, said yesterday.

The matter was of great concern for the commercial banks because it involved their right to underwrite other corporate debt as well as commercial paper, he said.

Swiss National Bank lifts limits on foreign issues

BY JOHN WICKS IN ZURICH

SWISS National Bank has lifted all restrictions on the maturity and early redemption of bonds and notes issues by foreign borrowers.

Hitherto, such bonds have been subjected to a final maturity of at least eight years, with early call under certain conditions after a minimum of five years.

Mr Pierre Langstein, chairman of the bank's governing board, said in Zurich yesterday that "true private placements" will still be possible. The decision as to what constituted a public notes issue and a private placement would be taken by the Federal authorities.

Citicorp issues sterling interest rate options

BY ALEXANDER NICOLL

Citicorp Investment Bank yesterday launched a series of products enabling long-term borrowers in sterling to control interest rate costs.

Mr Mark Blundell, a Citicorp executive, said the US market in such services — interest rate caps, floors and collars — has grown to between \$8bn and \$10bn in about four years.

Citicorp is offering the services for minimum amounts of £1m and a maximum of £50m, with maturities from six months out to 10 years.

The products are essentially interest rate options. A ceiling rate agreement, or cap, fixes borrower's maximum costs but allows him to benefit from falls in rates.

A ban on US banks underwriting commercial paper will be fought all the way, the international banking symposium in Lugano was told

of commercial paper by Bankers Trust fell within the scope of securities activities authorised under the Glass-Steagall Act, which governs US banking.

Venezuelan utility reschedules \$650m debt over eight years

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

LA Electricidad de Caracas, Venezuela's largest private sector company, has signed a \$650m, eight-year rescheduling agreement with its commercial bank creditors.

Under the agreement which covers all the utility's debt from commercial banks the company will pay interest at a margin of 1 1/2 per cent over the London interbank offered rate (Libor) with repayments starting in immediate quarterly instalments.

Mr Manuel Azpurrá, Venezuela's Finance Minister, said last week for the first time next week for preliminary talks on rescheduling the rescheduling to amend the repayment schedule but that initial progress is expected.

Advertisement for BFCF (Banque Française du Commerce Extérieur) U.S. \$100,000,000 7 1/4 per cent. Guaranteed Notes due 1993. The Republic of France. LTCB International Limited. Credit Suisse First Boston Limited. Société Générale. Banque Nationale de Paris. Caisse des Dépôts et Consignations. Commerzbank Aktiengesellschaft. County Bank Limited. Crédit Agricole. Crédit Commercial de France. Crédit Lyonnais. Dresdner Bank Aktiengesellschaft. Generale Bank. Goldman Sachs International Corp. Kredietbank International Group. Mitsubishi Finance International Limited. Mitsui Finance International Limited. Morgan Guaranty Ltd. Morgan Stanley International. Nippon Credit International (HK) Ltd. Nomura International Limited. Swiss Bank Corporation International Limited. Union Bank of Switzerland (Securities) Limited.

But, Mr Mace predicted that within ten years all the old barriers would have been removed from the US banking market. Commercial, savings and investment banks would be merging and operating in all 50 states.

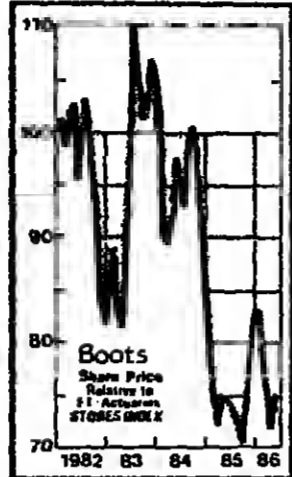
FT INTERNATIONAL BOND SERVICE. Listed are the 200 latest international bonds for which there is an active secondary market. Includes tables for US DOLLAR STRAIGHTS, SWISS FRANC STRAIGHTS, and YEN STRAIGHTS with columns for Issued, Maturity, Bid, Offer, Yield, and Change.

UK COMPANY NEWS

Property sales lift Boots to £210m

Boots Company, the pharmaceutical and consumer products group, yesterday reported last year's profits of £210.4m for the 1985-86 year.

The dividend for the year is raised by 0.8p to 7.1p with a final of 4.6p, up from 4p. Earnings per share jumped 20 per cent to 15.6p (13.5p) after a tax charge of £72.8m compared with £76.6m.



The industrial division saw profits of £86.6m (1985) on sales of £44.9m (1984).

of the Sephora business in France continued, with sales performance above expectations. The chairman says the sales increase was 11 per cent and profits were up 15.6 per cent.

Earnings and dividend jump at Courtaulds

Courtaulds, the international textiles, chemical and industrial products group, has lifted its pre-tax profit by 11.5 per cent and its earnings by 25 per cent in the year ended March 31, 1986.

Saatchi surges to £26m on the back of better margins

CONTINUED strong performance by both its communications and consulting divisions enabled Saatchi & Saatchi Company, the world's largest advertising agency, to achieve its 21st half year of growth in the first six months of the 1985-86 year.

registered throughout all divisions and regions of the group. The advertising operations performed exceptionally well with major new assignments around the world.

year to March 31 emerged at 25.0p (20.75p) and the interim dividend is being stopped up from 3.25p to 7.34p net per 10p share.

Gerrard & National making £22m rights

Gerrard & National, the UK's largest discount house, announced a doubling in profits yesterday and a 22m rights issue to sustain its present rapid rate of expansion.

After tax profits last year amounted to £10.1m, up from £3.2m the previous year. Inner reserves were also increased.

May 22, the group increased the dividend to 13.5p (13.2p) and the directors expect to at least hold this for the current year.

ever, it is seldom possible to advance only on one front at a time, and increasing exposure to overseas markets — plus an envisaged need to place offices in New York and Tokyo — makes the case for going to the shareholders.

Lep advances to £9m and makes cash call

Lep, the international freight forwarding group, announced pre-tax profits of £9.1m for 1985, against £7.5m in the previous year, and a one-for-six rights issue at 25p to raise £14.5m in order to reduce borrowings.

ambition balanced by careful planning. So while the chairman does not blush at allegations that the rights issue is opportunistic he will deny that it replaces money that has been well spent. It is, however, tempting to suggest that what is really happening is that Mr Read is seeking to protect the expected £5m a year income from LEP House, the group's one-off 200,000 sq ft office development in the City.

Siebe shares rise on doubled profits

Siebe, the safety products and engineering group which is bidding £182m for APV Holdings, the process engineer, announced yesterday a doubling of its 1985-86 profits on the same day that APV posted its detailed defence document.

Burnett in £8m lignite sale to BP Coal

Burnett and Haffmans, the troubled coal-mining group, has sold its interest in the Northern Ireland lignite deposits at Crumlin to BP Coal for £8m cash.

De Savary builds stake

MR PETER DE SAVARY, the yachtsman and financier, has now built up a 24 per cent stake in Alfred Walker, the commercial property developer.

Cannon Street buys Scottish housebuilder

Cannon Street Investments, a fast-growing USM-quoted holding company, yesterday said the foundations for the addition of another division to its existing three with the purchase of Avonside Houses, an unquoted Scottish housebuilder, for \$41 million (£5.5m).

Lloyds hits back at Standard

Lloyds Bank last night hit back at the defence document put out last Friday by Standard Chartered Bank against its £1.2bn hostile takeover bid.

Dividends Announced

Table with columns: Company, Current payment, Date of payment, Total of dividends for year, Total of dividends for last year.

London & Associated

London & Associated Investment Trust lifted net profits in 1985 by just over £100,000 to £247,000 and has raised the dividend from 0.24p to 0.3p.

LADBROKE INDEX

Table with columns: Index value, Change, and other metrics.

JOHNSTON GROUP PLC advertisement. Text: Manufacturers of road suction cleaners and hydraulic equipment, civil engineering, building and road maintenance, manufacturers of concrete and g.p. pipes and roadstone. Financial highlights: 1985 turnover £600, 1984 turnover £58,376.

MANDRAKE GROUP PLC advertisement. Text: has acquired by way of a merger. DIXON DOBSON & CARVER, WARD TURNER Estate Agents. and MANDRAKE (Insurance & Finance Brokers) LIMITED.

AUSTRIAN ELECTRICITY - USS15,000,000 6% Guaranteed Bonds 1986. NOTICE OF FINAL REDEMPTION. Bondholders are advised that all outstanding Bonds are redeemable at par on 1st July, 1986.

NOTICE TO LOMBARD DEPOSITORS. Rates for depositors entitled to receive gross interest. 14 Days Notice. Minimum deposit is £2,500. 9% pa, 7-47% pa, 10-52% pa.

Granville & Co. Limited. Member of The National Association of Security Dealers and Investment Managers. 8 Lovat Lane, London EC3R 8BP. Telephone: 01-621 1212.

UK COMPANY NEWS

Redland 4% higher at £113m

A LOWER return from West Germany and the weakness of the Australian dollar have been offset by better figures in the UK and North America, enabling Redland to lift its pre-tax profit by 4 per cent, from £108.2m to £112.8m, in the year ended March 29 1986.

Continental Europe produced sales of £268.4m (£264.2m) and profits £30.8m (£30.5m). In West Germany a sharp fall in new housing starts reduced the sales volumes and profit of Braas.

There was a small cash outflow of £300,000 before taking account of £28m net spent on acquisitions.

comment

The weather, currencies and West Germany conspired against Redland last year but still earnings came out 14 per cent ahead.

BAT expects renewed profit growth this year

MR PATRICK Sheehy, chairman of BAT Industries, said yesterday that he expected current year profits to show renewed growth at the operating, pre-tax and attributable levels subject to once again to the translation effect of exchange rates, particularly the US dollar.

In addition, he told shareholders at the annual meeting, that within this framework it remained the board's intention to continue to increase dividends "well in excess of the rate of inflation."

Chancery Securities progress

Chancery Securities, a licensed deposit taker and dealer in securities, continued to progress in the second six months and for the year to March 1986 returned profits of £1.22m pre-tax.

performances in most of the group's businesses.

For 1986, the chairman said yesterday that tobacco business should increase its overall market share with a further improvement in trading profit despite a decline in the opening six months.

Elsewhere, he said the US retailing environment continued to be challenging, "but the businesses that we are retaining are well placed to compete."

Reuters holders to sell shares worth £55m

THREE shareholders in Reuters Holdings, the international business information group, yesterday announced plans to sell about \$82m (£54.7m worth) of shares in New York early next month.

under 15 per cent of their Reuters holding.

BANK RETURN

Table with columns for BANKING DEPARTMENT and ISSUE DEPARTMENT, showing liabilities and assets in millions of pounds.

COMPANY NEWS IN BRIEF

J. SMART & Co (Contractors) estimates that profits for year ending July 31 1986 will be not less than £1.32m (£1.28m).

to £1.58m (£590,000) in year to March 31 1986. Earnings amounted to £0.89p (13.06p) basic and at 13.51p (10.89p) fully diluted.

WETTERN BROTHERS

which is involved in the preparation and distribution of construction materials, reported pre-tax profits for 1985 down from £94,000 to £87,000 on turnover lower at £2.25m (£2.49m).

GREAT WESTERN Resources

is paying an unchanged interim dividend of 1.48p gross, and out as stated in yesterday's edition.

ACE BELMONT International, caravan manufacturer, raised sales to £37.8m (£32.65m) in year to August 31 1985.

WOODCHESTER INVESTMENTS, lessor of business equipment, raised gross revenue to £7.33m (£6.5m) against £3.63m, and profits before tax

The Republic of Italy U.S.\$500,000,000 Floating Rate Notes due 2005

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 30 May, 1986, to 30 June, 1986, the Notes will carry an interest rate of 7 7/8% per annum.

London United Investments Public Limited Company. Year ended 31st December 1985 and 1984. Turnover 89,028 vs 40,809. Operating profit 10,794 vs 6,313.



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POSTBANK

As of 1 January this year a new face appears on the Dutch financial scene: Postbank. Postbank is the new name for postgiro/rijkspostspaarbank, having a prominent position on the domestic market in terms of payments, savings, mortgages and consumer loans.

to the supervisory regulations of the central bank, De Nederlandsche Bank, in regard to provisions of solvency and investment.

Table showing Assets and Liabilities for Postbank in NLG thousands.

Postbank has been given the scope it needs to enlarge its activities and continue expanding its range of products and facilities.

Netherlands and abroad. Our international product package is to be expanded further.

BRITISH EMPIRE SECURITIES AND GENERAL TRUST p.l.c. Issue of up to 31,424,783 Ordinary Shares of 10p each and up to £12,000,000 10% per cent. Debenture Stock 2011

Standard Bank Import and Export Finance Company Limited \$50,000,000

World Gold in 1986 18 and 19 June 1986

UK COMPANY NEWS

Warning of profit fall wipes £23m off Process Systems

BY CHARLES BATCHELOR THE SHARE price of Process Systems, the US manufacturer of electronic electricity meters, slumped yesterday after the company revealed that profits would be below those of the past two years.

Abbey Life sale marks a significant milestone for ITT Unravelling the patchwork quilt

BY ERIC SHORT IN LONDON AND PAUL TAYLOR IN NEW YORK

THE SALE of ITT's remaining Abbey Life stake represents a significant milestone in ITT's colossal divestiture programme—a programme which was accelerated at the start of last year and which has seen the sale of more than 90 companies generating proceeds of over \$5.5bn (£2.35bn) since 1979.

ITT noted yesterday that the sale of its remaining 51.8 per cent stake in Abbey would push the total proceeds of the programme to around \$1.9bn—well past the target set by Mr Araskog. Nevertheless, the group added that further sele-

Table with 3 columns: Year, Dividends, Profits. Rows for 1979-82, 1983, 1984, 1985, Total.

ing its asset redeployment and restructuring programme—in part to help quiet criticism on Wall Street of its sagging financial performance. At that stage Mr Araskog announced a \$1.7bn divestiture target to be accomplished "as quickly as practicable" in order to further reduce ITT's then heavy debt burden and provide for stronger sales and earnings growth in the future.

Further delay for Elders

BY DAVID GOODHART THE CONTROVERSIAL £1.8bn bid by Elders DLX, the Australian company, for Allied Lyons, the food and drinks group, has been delayed for at least another three months.

A.B.A.T INDUSTRIES REPORT Extracts from the Chairman's speech at the Annual General Meeting

"I expect 1986 profit to show renewed growth"

PATRICK SHEEHY, Chairman

Looking at the prospects for 1986, I must stress that exchange movements are unpredictable and clearly affect the translation of our earnings into sterling, as was seen last year with the depreciation of the US dollar.

Our tobacco business should increase its overall market share with a further improvement in trading profit for the year despite a decline in the first six months. In particular, increased profits from Brown & Williamson will be totally concentrated into the second half of the year.

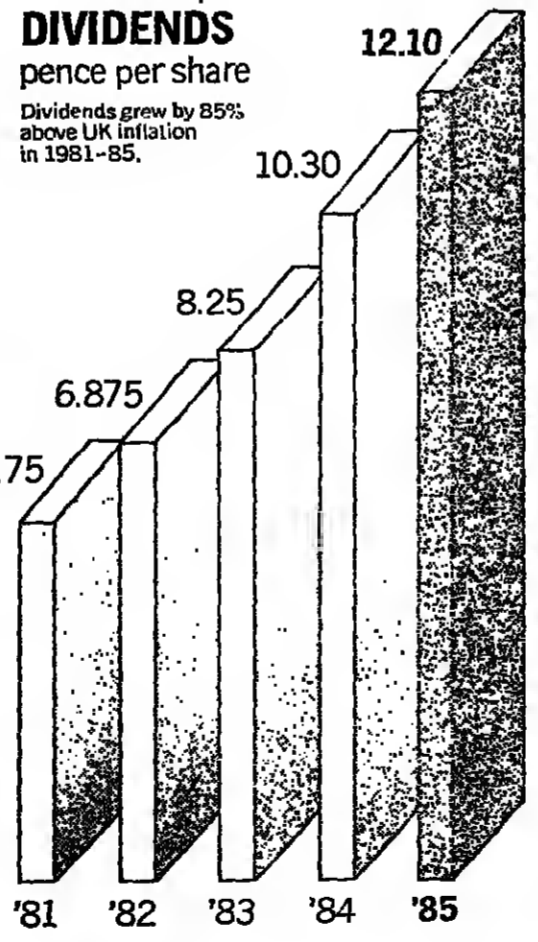
increasing pulp prices may partly offset this improvement. Appleton Papers also continues its strong growth and should produce significantly improved profits from further volume increases of carbonless sales and greater manufacturing efficiency.

The general insurance business of Eagle Star will benefit from improving market conditions in the UK and is achieving excellent growth in premium income.

The contribution to Group operating profit from Associated Companies continues to be important, but growth prospects in Imasco are likely to be affected by highly competitive conditions in the Canadian cigarette market.

Despite strong operating cash flow, the Group's net interest charge will show a further increase arising from a full year's financing cost of Allied Dunbar and lower investment returns from Brazil.

Overall I expect the full year's results to show renewed growth at the operating, pre-tax and attributable profit levels, subject once again to the translation effect of exchange rates, particularly the US dollar.



The retailing environment in the US continues to be challenging, but the businesses that we are retaining are well placed to compete, and I expect a higher performance from them.

Wiggins Teape has made an excellent start to the year with profits from carbonless well ahead and a good contribution from fine papers, but

DEN DANSKE PROVINSBANK A/S (the "Bank") NOTICE to the holders of the outstanding U.S.\$60,000,000 Floating Rate Capital Notes 2000 of the Bank (the "Notes")

DFC Overseas Investments Limited Cayman Islands Branch U.S. \$100,000,000 Guaranteed Undated Primary Capital Floating Rate Notes

Bank of Tokyo (Curaçao) Holding N.V. GUARANTEED FLOATING RATE NOTES DUE 1997

B.A.T INDUSTRIES

The Report and Accounts for 1985 is available from the Company Secretary, B.A.T Industries p.l.c., Windsor House, 50 Victoria Street, London SW1H 0NL.

Tokyo Pacific Holdings N.V. Tokyo Pacific Holdings (Seaboard) N.V. The Quarterly Report as of 31st March 1986 has been published and may be obtained from:

JUGOBANKA United Bank U.S. \$50,000,000 For the six months to 28th November 1986 the Notes will carry an interest rate of 7 1/8% per annum.

Friday May 30 1986 3m ... 20 per cent and ...

holders to sell ... £55m

NOTICORPO

UK COMPANY NEWS

Gerrard & National PLC

RESULTS FOR THE YEAR ENDED 5TH APRIL 1986

	1986	1985
PROFIT FOR THE YEAR	£10,120m	£5,154m
TOTAL COST OF DIVIDENDS	£4,726m	£4,008m
DISCLOSED SHAREHOLDERS FUNDS	£65,492m	£60,098m
TOTAL ASSETS	£3,765,175m	£3,666,915m

GROUP PROFIT FOR THE YEAR

Group Profit after providing for taxation, minority interests and a transfer to Inner Reserves amounted to £10,120,000 (1985 £5,154,000). Inner Reserves stand at a higher figure than previously.

DIVIDEND

It is proposed that a final dividend of 12.5p (1985 10.2p) be paid on each ordinary share of 25p. When added to the Interim Dividend already paid of 3p (1985 3p), this makes a total of 15.5p (1985 13.2p) — an increase of 17.4%. The proposed dividend on the ordinary shares of 25p each will be payable to Shareholders on the register as at the close of business on 12th June 1986.

DISCLOSED SHAREHOLDERS FUNDS

The Group's Disclosed Shareholders' Funds at 5th April 1986 amounted to £65,492 million compared with £60,098 million last year.

TOTAL ASSETS

The Total Assets of the Group at 5th April 1986 (excluding £619 million assets subject to repurchase arrangements) amounted to £3,765 million compared with £3,667 million in 1985.

RIGHTS ISSUE

The Board has decided that it is appropriate to increase the permanent capital of the Group by effecting a rights issue to ordinary shareholders of 7,622,750 new ordinary shares at a price of 300p per share to raise £22.1 million after expenses. The new ordinary shares are being offered to holders of ordinary shares on the register at the close of business on 23rd May 1986 in the proportion of 1 new ordinary share for every 4 ordinary shares then held. The issue has been underwritten by Baring Brothers & Co. Limited.

GROUP REORGANISATION

With the continuing expansion and diversification of the Group's business, the Company has decided that an enlarged corporate structure would be appropriate to reflect the current and prospective organisation of the Group. Accordingly shareholders' approval will be sought in due course to create a new holding company for the Group.

THE CURRENT YEAR

The early part of the new financial year was also extremely profitable with base rates falling further to 10%. Thereafter, with a general feeling developing on both sides of the Atlantic that fixed interest markets had run ahead of themselves, the Book was slightly reduced both in size and length. However, by 22nd May when base rates came down to 10% the Book, although shorter, had once again been increased. The Company remains confident that short term interest rates will continue to decline in the months ahead enabling it to build on what has been a most promising start to the new year. The Report and Accounts for the year ended 5th April 1986, together with the circular letter relating to the rights issue and provisional allotment letters, will be posted to shareholders on 2nd June 1986.

Gerrard & National plc

32 Lombard Street, London EC3V 9BE. Tel: 01-623 9981
Members of the London Discount Market Association

M&G Group hits £6.6m and raises interim by 2p

THE M & G Group saw its revenue from unit trust management and related activities rise significantly in the six months ended March 31, 1986 and for the period profits before tax surged from £4.8m to £6.6m. Earnings improved by 47 per cent to 23.49p per 25p share and the interim dividend is being increased by 2p to 8p net. A scrip issue on a three-for-one basis is also proposed and the directors say they hope to pay a final not less than 3p on the increased capital. Turnover for the half year improved from £60.05m to £67.02m—the group is a unit trust manager. Revenue from unit trust management and related activities pushed ahead by £2.8m to £10.89m but marketing and commission costs took £396,000 more at £2.59m and administration expenses £412,000 more at £2.91m. Operating profits from the sector came through at £4.39m, compared with a previous £2.96m. The assurance activities saw profits from long term insurance business funds improve from £1.08m to £1.25m. In all, group profits at the operating level improved from £4.04m to £5.64m, before adding in interest and investment income of £1.02m, against £777,000. Tax accounted for £2.27m (£1.88m) and left net profits £1.42m ahead at £4.39m. Sales of units for the half year totalled £148m with redemptions at £94m. These compared with £115m and £73m respectively for the first half of 1984-85.

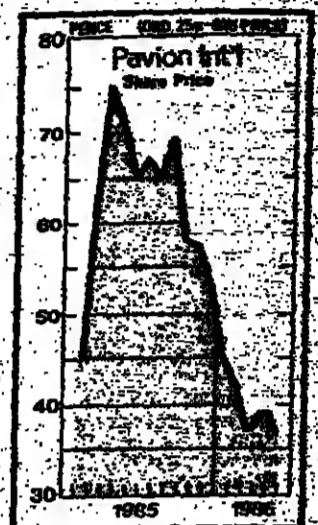
comment

The City, if not M & G, clearly underestimated the public's appetite for unit trusts. The scale of profits growth within this set of results caught even the most optimistic of analysts unawares, fuelling a 700 surge in the share price to 880p yesterday. Although the emergence of the insurance companies in the unit trust sector has whittled away M & G's market share, from 11 to 10 per cent in the last year, the number of unit trust holders has continued to grow. The market climate of the six months from September to March could scarcely have been more bullish and both M & G's unit trusts under management and its institutional portfolio have lapped up healthy growth. Meanwhile the insurance division increased estimated profits by 25 per cent. The pace of growth has prompted analysts to upgrade profit projections for the full year from £12m to £14m, producing a prospective p/e of 17.2. Although this rating appears generous, even by fund management standards, the share price may have further to go given that the scrip issue will improve M & G's marketability and that Kleinwort Benson may be tempted to release its 42 per cent stake.

Pavilion up to £2.4m after year of change

AFTER 12 months of major upheavals Pavilion International ended the year to February 28, 1986 showing taxable profits of £2.41m on turnover of £64,250, compared with £1,100,000 at £32,67m. The company began the year known as Sangera with a full listing. Having acquired Pavilion Cosmetics of New York for \$24m in January it changed its name, abandoned its listing and joined the USA in March. A later sold two subsidiaries, Sangera Photographics and Stanlec.

Earnings per share came out at 4.8p (0.9p). The dividend...



are not recommending the resumption of a dividend to help build up the distributable reserves. The fall in the dollar against the pound caused a swing of £2.55m in the exchange reserves, representing the unrealised loss on the group's dollar assets.

Interest charges were £217,000 (£251,000 income) but there was a tax credit of £272,000 (£206,000 debit). There were also extraordinary credits of £1.5m (£4,000), being the net proceeds of the sale of Sangera Photographics and Stanlec.

The major contributor was Pavilion which showed operating profits up from £709,000 to £3,371m. There was £382,000 (£695,000) from Sangera Photographics before its sale in November, and a loss of £51,000 (£1,000) from Stanlec up to its sale in January.

Bredero joins SE via 10m share offer

By William Cochran

Bredero Properties, a commercial property developer which specialises in redeveloped city and town redevelopment schemes, is coming to the London stock market via an offer for sale which will leave its present parent, Verenigde Bedrijven Bredero NV of the Netherlands, in a minority position. The offer is of 10,257,354 ordinary shares at 145p each, and includes an issue of 4,137,931 new shares to raise some £3.1m after expenses. This will leave VBB with a 49.3 per cent holding.

On the basis of a £2.5m pre-tax profit forecast for 1986, the offer values Bredero on a p/e ratio of 11.9 after an estimated actual tax charge, and 16.2 with tax charged at a notional 35 per cent rate.

The prospectus, which will be published next Monday, will also put Bredero on a prospective dividend yield of 4.2 per cent and a premium of 27 per cent to net assets of 115p a share. See page 18

Sandhurst down at £1m as interest costs soar

Higher interest charges have hit Sandhurst Markets'

HIGHER INTEREST charges have hit Sandhurst Markets' results for the year, ending January 31, 1986. Second half pre-tax profits fell from £551,000 to £443,000, and the full year results were down from £1,576 to £1,058m. Sandhurst, which is based in Sussex, supplies stationery and office equipment, and makes chemical products. Its turnover improved by 19 per cent to £28.09m (£24.42m), and an operating profit of £2.2m (£1.87m) was generated over the year. Interest charges, less interest received and investment income, jumped from £304,000 to £1.14m. This relates to the new £4m office/warehouse complex at Horsham. For this year the total dividend is increased from 1.201p to 1.542p with a higher final of 0.853p (0.812p). Net earnings per 10p share are shown down from 4.18p to 3.97p. Tax took £354,000 (£460,000) and minorities £122,000 (£83,000). There were extraordinary credits of £614,000 (£84,000).

Kynoch improvement

For the half year ending February 28 1986 G & G Kynoch

has reported pre-tax profits of £6,000, against £1,000 previously. In the year to August, 1985 the company's profits rose from £91,000 to £126,000. Further growth in exports resulted in a 17 per cent increase in sales during the six months, to £1.63m (£1.39m). Kynoch, a woolen cloth manufacturer, also improved the value of stocks of finished goods and work in progress from £220,000 to £283,000. The interim dividend is maintained at 0.5p. A total of 1.5p was paid in 1984-85. The directors are confident that the results for the full year will show an improvement on the trading profit last time. They state that bank borrowing has been contained at the year end levels, when in previous years a seasonal increase has occurred. Tax was £7,000 (£1,000) to leave losses per share of 2.8p (0.6p).

PROFITS EXCEEDED £210 MILLION

Group Sales £2,126.1 million • Profit before tax increased by 10.6%



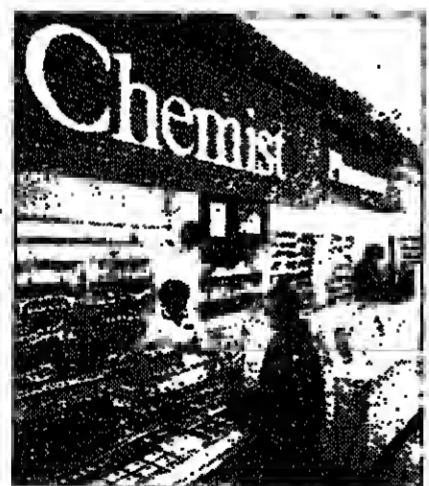
Robert Gunn, Chairman

"The past year has seen some significant changes and much has been achieved in laying the foundations for future growth. We are confident that further profitable progress will be made."

GROUP HIGHLIGHTS

○ Adjusting for property disposal surpluses, last year's DHSS remuneration adjustment, and the effects of currency fluctuations (£6.2m), Group Profit increased by 12.8%.
○ UK retail sales increased by 5.5% and profit by 10.6%, on a comparative basis and before property disposal surpluses.

○ At constant exchange rates, sales in the industrial division increased by 11.0% and profits by 15.6%.
○ Capital expenditure exceeded £100m, with substantial investment in new retail formats as well as research and pharmaceutical production facilities, in the UK and overseas.



○ Boots The Chemists increased already dominant market shares in cosmetics, fragrance and photo-processing.
○ The remodelling of Boots large UK retail stores continues, including the rapid introduction of specialist, sub-shops within stores.

PRELIMINARY RESULTS

Consolidated profit and loss account for the year ended 31st March 1986

	1986 £m	1985 £m	% Increase
Turnover (excluding VAT)	2,126.1	2,033.1	+ 4.6
Profit on ordinary activities before taxation	210.4	190.3	+10.6
Taxation	(72.8)	(76.6)	
Profit after taxation	137.6	113.7	+21.0
Minority interests	(1.7)	(1.0)	
Extraordinary profit after taxation	135.9	112.7	
Profit for the financial year attributable to shareholders	135.9	133.9	
Dividends	(51.8)	(45.2)	
Earnings per share after taxation	18.6p	15.5p	+20.0

	1986		1985	
	Turnover £m	Profit £m	Turnover £m	Profit £m
Industrial Division	404.9	67.3	383.0	64.6
Share of results of related companies		(7.7)		(4)
		66.6		64.2
Retail Division	1,832.0	111.4	1,733.1	102.9
DHSS remuneration adjustment ..		5.8		5.8
Surplus on disposal of properties ..		19.3		8.9
		130.7		117.6
Interdivisional	(110.8)	13.1	(108.8)	8.5
Net interest and unallocated items		13.1		8.5
	2,126.1	210.4	2,033.1	190.3

These results do not constitute 'full accounts' within the meaning of the Companies Act 1985.



THE BOOTS COMPANY PLC

The full report and accounts will be posted to shareholders on 19th June 1986 and copies will be available from the Secretary of The Boots Company PLC, Nottingham NG2 3AL. The Annual General Meeting will be held at the Grosvenor House Hotel, Park Lane, London W1, at 11.00 a.m. on Thursday 12th July 1986.



○ A major redevelopment programme for smaller stores has now commenced.
○ Over £600m of UK retail sales are own brands largely developed by Boots with one third now manufactured in Boots own factories.
○ Over-the-counter ibuprofen brands, Nurofen and Advil achieving significant market shares in the UK and US, and now on sale in six other countries.



○ Clinical trials for the antihypertensive are progressing in the UK, US and Europe, and have expanded to include the area of cardiac failure. A new antidepressant is also undergoing clinical trials in the UK and US.
○ New factory and warehouse facilities at Shreveport, Louisiana, are complete, and will establish an expanded base in the US.



○ Farley Health Products acquired for £18m representing a further advance in the development of the Consumer Products business.
○ Ibuprofen volume continues to grow in spite of competition. Production capacity expanded and ibuprofen tablet output doubled.

UK COMPANY NEWS

Anthony Moreton looks at Tibbett & Britten Listing for clothes carrier

JOHN HARVEY had spent 13 years on the board of SPD, Unilever's transport arm, when he was asked to look at moving into the chairman's seat at the end of 1982. Within months he had been asked by Unilever to sell-off the company, he recalls. "This was a traumatic time."

"We knew though that it had a good core," Mr Harvey says. "So instead of just selling it off I gathered together four colleagues and, with the help of 3i, we bought it in a management buy-out."

That was 18 months ago, just before Christmas 1984, and Mr Harvey will be bringing Tibbett & Britten, now one of the leading retail distributors of clothes, to the market for a full quote within the next four-six weeks.

Precise details of the issue have still to be worked out but employees will get preferential treatment. It is expected that between 25 and 30 per cent of the company will be sold, largely to pay for development on distribution centres, especially one for Marks and Spencer at West Thurrock in Essex.

The price will be pitched so that the prospective p/e is in the early teens for a market capitalisation of at least £30m. At the moment, 3i has a quarter of the shareholding and Mr Harvey and four of his colleagues together with some

senior management, the remaining 75 per cent. Mr Harvey insists that Tibbett and Britten is not a haulage company even though its business is carrying goods. "We are a retail distributor, and getting them into the shops at pre-determined times. This has become a very sophisticated business."

The distribution sector is traditionally based on the small man. There are probably 125,000 carriers in the country, with an average fleet size of four units and nine employees. (A unit is a tractor and trailer.) Fewer than 100 units; Tibbett and Britten has 500, with a workforce of 1,450 and 15 depots.

About 95 per cent of its business is moving clothes. Its customer list is peppered with many household names, including Marks and Spencer which

such as coats, trousers, skirts, dressing gowns or some shirts which are put on hangers by the manufacturer, rolled into the vans and then directly into the stores on rails. The hanging set is also a unit of pricing and measurement of number and is to clothes what the pallet is to boxed goods. The system was started in Germany by a Dutch affiliate of Unilever and brought to the UK in 1968 to supply C and A.

Tibbett and Britten developed the idea to the point where it now sells the sets — a metal hanger holding perhaps a dozen coats — to other distributors and has adapted all its trailers to the specific need of packing the garments.

As stores such as M. and S., BHS, Woolworth and Mothercare seek to maximise in-store selling space, more responsibility falls on the distributor and manufacturer to produce the right amount of goods at the right times.

"The retailer wants consistency of arrival and therefore of increased use of sophisticated computer based information systems is essential. This is the big development of the 1980s. All the retailers are moving in the same direction and so control is increasingly in the hands of the distributor."

As shops seek to rely increasingly on distributors to handle goods it becomes increasingly important, according to Mr Harvey, to provide dedicated services—that is tractors and trailers, even depots, working solely for one customer. All M and S clothes carried by Tibbett & Britten are in vehicles in the retailer's own green livery.

The next logical step is for the business to become international. "To make Tibbett & Britten internationally known we have joined a consortium called the United Fashion Transport Group," says Mr Harvey. "We can now collect, consolidate and deliver goods on a European basis."

Between 1983 and 1985 a £1.2m loss was turned into a profit of £3m

accounts for 40 per cent of its £31m turnover—up 28 per cent between 1983 and 1985.

In the same period a loss of £1.2m has been turned into a profit of £3m.

"We have 600 manufacturers on our books," says Mr Harvey, "and we deal with another 1,200 on an occasional basis. These all face a relatively small number of large retailers, so the business of distribution has to align itself to the needs of the shop."

M and S employs Tibbett and Britten solely to handle its hanging garments, a growing part of the clothing trade and T and B has set up a separate division, Transcare, to handle that trade.

Hanging garments are goods

NOTICE OF MANDATORY REDEMPTION

SWISS ALUMINIUM AUSTRALIA LIMITED US\$35,000,000 8 per cent Guaranteed Bonds 1987

NOTICE IS HEREBY GIVEN, pursuant to the provisions of the Trust Deed dated 15th June, 1972 between Swiss Aluminium Australia Limited, Swiss Aluminium Limited and Rothschild Trust Company Limited, as Trustee, that US\$35,000,000 nominal amount of Bonds is due for mandatory redemption on 1st July, 1986.

THE SERIAL NUMBERS OF THE BONDS DRAWN FOR REDEMPTION REPRESENTING US\$3,500,000 PRINCIPAL AMOUNT ARE AS FOLLOWS—

Table listing serial numbers of bonds drawn for redemption, organized in columns and rows.

Intershop Holding AG, Zurich

Notice to the Holders of 5 1/2% US \$ Convertible Bonds due October 1, 1990 (Sec. Code 554.209) and 6% US \$ Convertible Bonds due October 1, 1993 (Sec. Code 553.995). Intershop Overseas Finance (Curaçao) N.V. unconditionally guaranteed by and convertible into bearer shares of Intershop Holding AG.

LEP Lep Group plc One for six Rights Issue of 6,412,315 new ordinary shares at 235p per share to raise (net of expenses) £14,500,000. Lazard Brothers & Co., Limited who also acted as financial advisers to Lep Group. Hoare Govett Limited.

The Bonds drawn for redemption on 1st July, 1986 will become due and payable on that date, together with accrued interest to 1st July, 1986. On and after 1st July, 1986, interest on the Bonds to be redeemed shall cease to accrue. Payment of the Bonds to be redeemed will be made on and after 1st July, 1986, upon presentation and surrender of the said Bonds, with unmatured Coupons dated 1st July, 1987 attached, at the offices of any one of the Paying Agents mentioned therein.

This announcement appears as a matter of record only.



Gruppo Ferruzzi

Ferruzzi Finance Inc. U.S. \$120,000,000

Multiple Facility guaranteed by

Ferruzzi Finanziaria S.p.A.

Lead Manager

Citicorp Investment Bank Limited

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Banca d'America e d'Italia (Luxembourg) SA • Banca Nazionale dell'Agricoltura

Banca Nazionale del Lavoro, London Branch • Banco di Napoli • Banco di Roma

Banco di Santo Spirito, London Branch • Banque Indosuez • Banque Nationale de Paris

Barclays Bank PLC • Canadian Imperial Bank Group • Citibank (Channel Islands) Limited

Credito Italiano, London Branch • Deutsche Bank Aktiengesellschaft, London Branch

Istituto Bancario San Paolo di Torino, London Branch • Itab Group Limited • Societe Generale

Tender Panel Members

Banca Nazionale dell'Agricoltura • Banco di Napoli • Banco di Roma

Banco di Santo Spirito, London Branch • Bank of America International Limited

Licensee Deposit Taker

Banque Indosuez • Banque Nationale de Paris plc

CIBC Limited • Citicorp Investment Bank Limited • Credito Italiano, London Branch

Deutsche Bank Aktiengesellschaft, London Branch • Istituto Bancario San Paolo di Torino, London Branch

Itab Group Limited • Societe Generale

Agent and Tender Panel Agent

Citicorp Investment Bank Limited

May 21, 1986.

CITICORP INVESTMENT BANK

UK COMPANY NEWS

Acquisitions boost Freshbake to £2.5m

Freshbake Foods Group, frozen food processor and distributor, reported almost doubled pre-tax profits on turnover up by 44 per cent in the year to the end of March 1986. Mr John Taylor, chairman, says the figures reflect the group's restructuring, reorganisation and integration of acquisitions, the costs of which had interrupted profit growth in the previous year. The directors say the group is on course for continuing expansion both from organic growth and acquisition and are confident about the future.

Turnover rose from £66.27m to £95.65m, giving pre-tax profits of £2.53m against £1.27m. The figures include the results of Priory Farm Foods, which was acquired towards the end of the year, on a merger accounting basis and the comparatives have been restated. Earnings per share for this USM-quoted company came out at 6.11 (2.91p) and the dividend is raised to 1.9p (1.7p), with a proposed final payment of 1.3p (1.1p).

In the food manufacturing division, Freshbake Foods showed further growth in sales and improved efficiency particularly at the factories at Brantree, Essex, and Sittingbourne, Kent. During the year the company had to absorb costs of setting up the factory at Peterlee, County Durham. McKellar Watt reported a turnaround from losses before its acquisition in March 1985 to a profit of about £200,000 in the year under review. Chief Foods, in the vegetable, fruit and fish division, achieved an increase of 33 per cent in sales and continued to increase its share of the own-label market. Mr Taylor says, it entered the chip market at a difficult time but has secured a strong foothold.

Wolverhampton Breweries ahead 21% at midway

A PROFIT GROWTH of 21 per cent and an increase in earnings of 29 per cent have been achieved by Wolverhampton and Dudley Breweries in the six months ended March 30 1986. The chairman, Mr E. J. Thompson says early indications for the current period are encouraging and there is every expectation that earnings growth will be sustained. Turnover in the March period rose 10 per cent to £54.09m while the trading profit advanced to £8.39m (£6.98m) and the pre-tax balance to £8.05m (£6.67m).

Mr Thompson says the result must be reckoned satisfactory against the background of grim trading conditions in the West Midlands and an overall decline in the UK beer market. It proves the policy of developing the Bank's, Hanson's and Harp brands, and of improving and expanding the group's retail presence.

Six public houses have been opened, and in new areas the long term task of building brands is under way. After tax £3.07m (£2.5m) the net profit comes to \$4.99m (£3.85m) for earnings of 18.4p (11.9p) per share. The interim dividend is lifted to 3.2p net, from 2.5p.

There are extraordinary credits of £2.02m (£260,000) relating to profit on disposal of properties and investments. Included is £2.5m profit arising from the sale in February of the strategic investment in Davernports.

comment

Wolverhampton & Dudley continues to defy the original gravity of a declining beer market by producing striking growth at the bottom line. Ale and lager volumes are ahead, mainly through the opening of new outlets, but the turnover

Richardsons Westgarth all-round improvement

SIGNIFICANT progress has been made by Richardsons Westgarth, the engineer and steel stockholder. In 1985 it cut its loss from £1.5m to £55,000, and since then has reduced its overdraft to £166,000 and agreed to sell the business of E. Gerald. Between March 1984 and the end of 1985 the group reduced its overdraft from £8m to £1m. The further reduction is the result of the disposal of surplus property and a £960,000 refund of pension surplus.

Edbro rises to £2.3m despite static markets

Despite generally static markets Edbro (Holdings), a Bolton-based engineering works, reports a 1985 profit of £2.3m, an improvement by £100,000 to £2.3m net. Sales pushed ahead from £29m to £30.8m and at the trading level profits rose to £2.4m, compared with the previous year's £2.3m. Earnings came through the same at 23p per share but a final dividend of 5p (4.5p) raises the total from 65p to 75p net. Total of £500,000 (£300,000) left the net balance of £1.5m against £1.5m.

Electra Investment

Electra Investment Trust has lifted its earnings per share from 4.03p to 4.58p in the year ended March 31 1986 and is raising the dividend from 3.7p to 4.1p net, with a final of 2.3p (2p). Revenue came to £10.15m (£9.43m) subject to tax £3.3m (£3.44m). Year-end asset value was 196.33p (167.86p).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

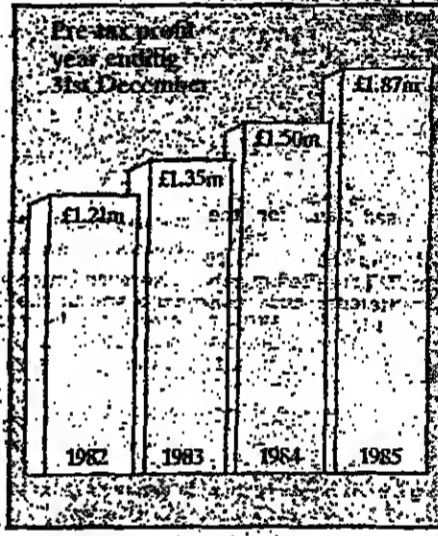
Company	Date
Imperial Chemical Industries	June 5
Midland Russell	June 9
Domestic International	June 16
EWA	June 17
Great Northern Telegraph	July 1
Investment Company	June 2
Latham (Japan)	June 26

A RECORD YEAR

Profits up 25%
Earnings up 27%
Dividend up 12%

At the Annual General Meeting held on May 21 1986, Mr. Brian W. Stanton, Chairman, said:

"In view of the greater contribution provided by the re-organisation of the British Fittings companies and the improved performance of the remainder of the Group, I am reasonably optimistic that the fortunes of your Group will continue to prosper."



ASTBURY & MADELEY (HOLDINGS) PLC.

FINCH ROAD • LOZELLS • BIRMINGHAM • WEST MIDLANDS B19 1HU

This announcement appears as a matter of record only

May 1986



The Sultanate of Oman US\$500,000,000 Medium Term Loan

Arranged by
Gulf International Bank B.S.C.

Lead Manager by
Gulf International Bank B.S.C.

- Arab Banking Corporation (ABC)
- Chase Investment Bank
- IBJ International Limited
- The Bank of Tokyo, Ltd
- Midland Bank International
- National Westminster Bank PLC
- Standard Chartered Bank
- Arab Petroleum Investments Corporation (APICORP)
- The Dai-ichi Kangyo Bank, Limited
- The British Bank of the Middle East (A member of the Hongkong Bank Group)
- Oman International Bank S.A.O.

Co-Lead Manager by
The Sumitomo Bank, Limited **The Tokai Bank, Limited**

Managed by
AL UBAF Banking Group **Arab Bank Limited/Oman Arab Bank SAO**
The Daiwa Bank, Limited **National Bank of Oman Limited (S.A.O.)**
Yasuda Trust Finance (Switzerland) Ltd

- Co-Managed by
- Abu Dhabi Commercial Bank
- The Fuji Bank, Limited
- Generale Bank S.A./N.V.
- The Hokkaido Tokai Bank Ltd
- Lloyds Merchant Bank Limited
- Manufacturers Hanover Trust Company
- Mitsui Finance International Limited
- National Bank of Kuwait S.A.K.
- Osterreichische Länderbank, Aktiengesellschaft
- Saudi International Bank
- The Taiyo Kobe Bank, Limited
- Al Bank Al Saudi Al Fransi (The Saudi French Bank)
- Grindlays International Limited, Bahrain
- The Kyowa Bank Limited
- The Long Term Credit Bank of Japan, Limited
- The Mitsubishi Bank, Limited
- Morgan Grenfell & Co. Limited
- National Bank of Abu Dhabi
- National Bank of Kuwait S.A.K.
- The Nippon Credit Bank, Ltd
- Sauwa International Limited
- Societe Generale, Bahrain Branch
- The Sumitomo Trust and Banking Co., Limited
- WestLB International S.A.

- Provided by
- Gulf International Bank B.S.C.
- Arab Banking Corporation (ABC)
- Arab Petroleum Investments Corporation (APICORP)
- The Industrial Bank of Japan, Limited
- The Chase Manhattan Bank N.A.
- The Dai-ichi Kangyo Bank, Limited
- The Bank of Tokyo, Ltd
- The British Bank of the Middle East
- International Westminster Bank plc
- Midland Bank plc, Bahrain
- A member of the Hongkong Bank Group
- Oman International Bank S.A.O.
- Standard Chartered Bank
- Sumitomo Finance (Middle East) E.C.
- The Tokai Bank, Limited
- Arab Bank Limited/Oman Arab Bank SAO
- The Daiwa Bank, Limited
- National Bank of Oman Limited (SAO)
- Yasuda Trust Finance (Switzerland) Ltd
- Abu Dhabi Commercial Bank
- Al Bank Al Saudi Al Fransi
- The Fuji Bank, Limited
- Generale Bank S.A./N.V.
- The Saudi French Bank
- Grindlays International Limited, Bahrain
- The Hokkaido Tokai Bank Limited
- Kyowa Hb Finans AG
- Lloyds Merchant Bank Limited
- The Long Term Credit Bank of Japan, Limited
- Manufacturers Hanover Trust Company
- The Mitsubishi Bank, Limited
- Morgan Grenfell & Co. Limited
- National Bank of Abu Dhabi
- National Bank of Kuwait S.A.K.
- The Nippon Credit Bank, Ltd
- Osterreichische Länderbank, Aktiengesellschaft
- The Sauwa Bank Limited
- Saudi International Bank
- Societe Generale, Bahrain Branch
- The Sumitomo Trust and Banking Co., Limited
- Al-Bank Al-Saudi Al-Arabi Limited
- The Taiyo Kobe Bank, Limited
- WestLB International S.A.
- Union de Banques Arabes et Francaises - U.B.A.F. Bahrain Branch
- Al Ahli Bank of Kuwait K.S.C.
- ALUBAF Arab International Bank E.C.
- Associated Japanese Bank (International) Limited
- Bank of Oman, Bahrain and Kuwait (SAO)
- Banque Nationale de Paris
- Credito Industriale et Commercial de Paris
- The Bahraini Saudi Bank B.S.C.
- Cirozentrale und Bank der osterreichischen Sparkassen AG
- National Bank of Bahrain B.S.C.
- Banco Saudi Espanol
- UBAF Arab American Bank
- UBAF Bank Limited
- The Hachijuni Bank Ltd
- The Nishi-Nippon Bank, Limited

Agent
Gulf International Bank B.S.C.



New Issue
May 30, 1986

This advertisement appears as a matter of record only.

German Public Sector Finance B.V. Rotterdam, Netherlands

DM 500,000,000 5 7/8% Bearer Participation Bonds of 1986/2016

secured on a Schuldschein issued by
Deutsche Bundespost
(German Federal Post Office)

Offering Price: 98 3/4 %
Interest: 5 7/8 % p.a., payable annually on May 31
Repayment: May 31, 2016 at par
Listing: Frankfurt Stock Exchange

- Commerzbank Aktiengesellschaft
- EBC Amro Bank Limited
- Banque Nationale de Paris
- Industriebank von Japan (Deutschland) Aktiengesellschaft
- Nomura Europe GmbH
- Deutsche Bank Aktiengesellschaft
- Dresdner Bank Aktiengesellschaft
- Banca Commerciale Italiana
- Berliner Handels- und Frankfurter Bank
- Morgan Stanley International
- Salomon Brothers International Limited
- Westdeutsche Landesbank Girozentrale
- Bank of Tokyo (Deutschland) Aktiengesellschaft
- DG Bank Deutsche Genossenschaftsbank
- The Nikko Securities Co., (Deutschland) GmbH
- Verens- und Westbank Aktiengesellschaft

FT LAW REPORTS

Digest of cases reported in Easter Term

FROM MAY 2 TO MAY 23 1986

Regina v Monopolies and Mergers Commission, ex parte Elders Ltd Ltd (FT, May 2)

Elders supplied certain information concerning the financing arrangements to the Monopolies and Mergers Commission, at the latter's request, in the course of a takeover bid for Allied-Lyons plc. It now sought a judicial review of the decision of the commission's chairman to disclose the information to Allied, on the ground that it contravened the Fair Trading Act 1973...

Investors in Industry Commercial Properties Ltd v Norwich City Council (FT, May 7)

When the appellant property company applied to Norwich Council to reduce the rates of an unoccupied office block, the issue came before a judge on the Crown's contention that it had no jurisdiction to hear the appeal. Section 7 of the General Rate Act 1967 which allowed an aggrieved party to appeal to the court of quarter sessions against any rate, and section 9 of the Courts Act 1971, which transferred the appellate jurisdiction to the High Court...

Jones and Another v Stroud District Council (FT, May 9)

In 1963 the predecessor in title to the Stroud District Council passed plans for the building of a house for which the foundations were inadequate. This resulted in substantial settlement and consequent damage to the house. However, the claim against the council was issued only in 1981 after the plaintiffs, the then occupiers, had sold the house. At first instance, the judge held that the claim was barred. In allowing the plaintiffs' appeal, Lord Justice Neill stated that until the condition of the property gave rise to danger to the health or safety of persons on the premises no...

breach of the duty of care had taken place and accordingly no cause of action had arisen.

In re the Coca-Cola Company (FT, May 8)

Section 10 of the Trade Marks Act 1938 allows the proprietor of a trademark to register the mark provided it is "distinctive". However, the House of Lords stated that the Registrar's refusal to register the Coca-Cola bottle with its distinctive shape as a trademark was not sufficient for the purpose of facilitating the performance of the Commission's functions. In rejecting the Commission's contention, Mr Justice Mann said that the Registrar's decision to refuse to register the distinctive shape was capable of being a trademark. The Registrar's refusal to register the distinctive shape was not sufficient for the purpose of facilitating the performance of the Commission's functions. In rejecting the Commission's contention, Mr Justice Mann said that the Registrar's decision to refuse to register the distinctive shape was capable of being a trademark.

Souter Automation Ltd v H. C. Goodman (Mechanical Services) Ltd and Another (FT, May 14)

A clause of a building contract stated that under the contract conditions "the contractor shall be responsible for everything brought on to the site by the subcontractor supplied a boiler system at Windsor Castle, subject to its own conditions of sale which included a retention of title clause. The main contractor went into liquidation and the subcontractor sought a court order for specific performance of the contract to supply the boiler system. The court granted the order, but the subcontractor sought a court order for specific performance of the contract to supply the boiler system. The court granted the order, but the subcontractor sought a court order for specific performance of the contract to supply the boiler system.

International Press Centre v Norwich Union (FT, May 16)

Norwich Union obtained a lease on a site in the City subject to the condition that the building was to be used as a printing works. The lease was granted in a "workmanlike" manner. The court of first instance held that the lease was granted in a "workmanlike" manner. The court of first instance held that the lease was granted in a "workmanlike" manner. The court of first instance held that the lease was granted in a "workmanlike" manner.

agreement ceased to have effect on the grant of the under-lease. In rejecting this contention, the Official Referee stated that there was no prima facie reason why Norwich Union's obligation in the main agreement should not survive as a collateral stipulation to the under-lease.

Reed v Young (FT, May 20)

When Mrs Young became a partner in a limited partnership, she paid £10,000 capital contribution which constituted the agreed limit of her liability for the partnership's debts and obligations. Under the agreement, she was entitled to her proportion of the partnership's total capital. Over two years, her proportion of the partnership's total capital, which she set off against her other income for the tax period, in dismissing the Revenue's appeal that her "loss" could be contribution, than her capital contribution. The House of Lords held that a partner's right, under section 168 of the Income and Corporation Taxes Act 1970, to claim relief for trading losses bore no necessary relationship to the proportion he might be liable to contribute towards the firm's debts.

Dews v National Coal Board (FT, May 21)

Mr Dews was awarded damages for a period when he was off work due to an accident in circumstances for which his employers, the NCB, were held responsible. The question which the Court of Appeal was concerned was whether these damages should include contributions Mr Dews would have made to the pension scheme had he received his wages. In allowing the NCB's appeal against a decision at first instance that he was entitled to have the contribution plus interest in the assessment of damages, the court stated that the loss Mr Dews had suffered was of disposable income for which he had already been compensated. He had not lost the amount which would have been deducted from his wages as pension contribution because that sum would never have been at his disposal.

Speidlink Vanguard v European Gateway (FT, May 23)

In a formal investigation under the Merchant Shipping Act 1924 into a collision between two ships, Speidlink Vanguard and European Gateway, the court of first instance held that the master of European Gateway was largely to blame. In allowing the owners of Speidlink Vanguard to plead issue estoppel, viz. that the issues had already been decided between the parties by a court of competent jurisdiction, and could not be re-litigated. In deciding the preliminary issue against Speidlink Vanguard Mr Justice Slynn held that apart from the court of first instance the court of first instance fulfilled a purely investigatory function and not a judicial one. This concludes the digests for the Easter Term. The law reports will be resumed next Tuesday.

THE BANKER TOP 500

For the past 16 years The Banker has researched and published the asset size and capital strength of the world's largest commercial banks. It largest commercial banks since 1970 with the TOP 500 and since 1980 increased the list in 500. Each year this list has added additional performance-related information such as profitability ratios and net interest margins, all of which have been acknowledged by every one involved in bank credit analysis to be essential research material. Our 1986 study will be published in the July issue of The Banker. In addition this year The Banker will be publishing the historic ranking of the performance of every bank which has featured within the tables since 1970 in the August issue. As the most used work of reference by Central Bank, commercial, savings and corporate banks and in the field of bank credit analysis, The Banker offers an opportunity to advertise both corporate and balance sheet strength in an authoritative banking and financial community throughout the 130 countries which The Banker reaches, by subscription. For full details of our circulation, readership and cost of advertising please contact: The Marketing Director, 102-108 Clerkenwell Road, London EC2R 8SA. Tel: 01351 9321. Telex: 23700 FINBT G.

F.T. CROSSWORD PUZZLE No. 6034

Crossword puzzle grid with numbers 1-26 and letters A-Z.

- ACROSS
1 Subject, with an accent, would be a revelation (8)
2 University cloak, perhaps, at one's disposal (6)
3 Smoke that produces carbon and damages hooter (7)
4 Try X for cheer (7)
5 United to Saturdays? (10)
6 Mansfield, perhaps, to win without a centre (4)
7 Ragout taken from colossal microwaves (5)
8 Tin hasn't made as pot (2)
9 One's father, perhaps, to be unappreciative of (4)
10 Tribes from Devon and Exeter, say (5)
11 Large jug we returned with a coverglass (4)
12 Frawn dish a cooker in Septimus Harding's fice (10)
13 Showy violinist who uses a new piece (7)
14 Drink heavily in saloon by the river (7)
15 Bitterness involves men with it at yard (6)
16 Inventor of unaffected retirement? (6)
17 country girl in Reading (7)
18 Rough shoe-liner walked on by beachcomber? (9)
19 Violinist furthest from the bow? (5)
20 Capital investment for father (7)
21 High woolly bloomers of wise Leeds characters? (8)
22 Does it send out a note for a farmworker? (9)
23 Immaculate miners' leader estimated? (4-5)
24 Nanny Ma insured (conventionally) (9)
25 Home's home ground? (7)
26 People collecting habits (7)
27 Serial, we hear, of women with passion (5)
28 His doll's house is for play (5)
Solution to Puzzle No. 6033
DOWN
1 The Spanish talk in the girl - (5)

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., Allied Banker Unit Trusts PLC, and others with their respective details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts including Norwich Union Insurance Group, Standard Life Assurance Co, and many others, providing detailed information for each.

AUTHORISED UNIT TRUSTS & INSURANCES

Table listing various unit trusts and insurance products, including titles like 'Abney Life - Continued', 'Abbey Life', and 'AA Priority Society'. Each entry includes details such as the company name, address, and financial figures.

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INSURANCES

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Handwritten scribble in a box.

Financial Times Friday May 30 1986

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, type, and performance metrics.

Table listing insurance and overseas funds, including details on company names and fund types.

Table listing money funds with columns for fund name, type, and performance metrics.

Table listing money funds, including details on fund names and performance.

Money Market Trust Funds

Table listing money market trust funds with columns for fund name and performance.

Money Market Bank Accounts

Table listing money market bank accounts with columns for bank name and account details.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas funds with columns for fund name and performance.

Table listing offshore and overseas funds, including details on fund names and performance.

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Money Market Bank Accounts

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Table listing money market bank accounts with columns for bank name and account details.

NOTES

Notes section containing financial commentary and market analysis.

TRADITIONAL OPTIONS

Traditional options section listing various financial instruments.

Additional text in the traditional options section.

Additional text in the traditional options section.

Additional text in the traditional options section.

Additional text in the traditional options section.

Notice of Redemption

MOTOROLA, INC.

12 1/4% Notes due December 15, 1994

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Fiscal Agency Agreement dated December 15, 1984 between Motorola, Inc. (the "Company") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 6(a) of the above-captioned notes (the "Notes"), the Company has elected to redeem \$45,000,000 principal amount of Notes on July 1, 1988 (the "Redemption Date"). The redemption price shall be 101% of the principal amount of such Notes together with accrued interest (the "Redemption Price") to the Redemption Date. Warrants to purchase a like amount of 12% Notes of Motorola, Inc. due December 15, 1994 have been exercised.

On and after the Redemption Date, the Redemption Price will be paid upon presentation and surrender of the Notes to be redeemed, together with the December 15, 1986 coupon and subsequent coupons attached.

Accrued interest to the Redemption Date will be paid in the amount of \$333.47 per Note. On and after the Redemption Date interest shall cease to accrue unless the Company shall default in the payment of the Redemption Price.

The numbers of the Notes to be redeemed, bearing the prefix R, are set forth below:

A large table listing various note numbers from 1 to 230, with corresponding alphanumeric codes for redemption tracking.

(Continued on the following page)

Breweries idway
Edbro rises to £2.3m despite static market
D YEAR

(Continued from the preceding page)

Table with multiple columns of numbers, likely a stock index or financial data table.

Notes are required to be presented and surrendered for redemption at any of the following paying agencies:

- List of paying agencies including The Chase Manhattan Bank, N.A., London Branch; Chase Manhattan Bank, Luxembourg S.A.; Berliner Handels- und Frankfurter Bank; Nederlandse Creditbank, N.A.; Banque de Commerce, S.A.

Coupons which have matured prior to the Redemption Date should be detached, presented and surrendered for payment in the usual manner.

MOTOROLA, INC. By The Chase Manhattan Bank (National Association)

May 29, 1986

APPOINTMENTS

Dun & Bradstreet managing director

Mr Keith Williams has been appointed managing director of DUN & BRADSTREET (UK).

LINK SI, part of Wagon Industrial Holdings, has appointed Mr D. E. Puyser as managing director.

J H MINET & Co has appointed Mr Dominic Smith as a divisional director of the fine arts and jewellery division.

Mr G. A. Addin, a director of J N NICHOLS (UK) LTD, is to become non-executive chairman of the Milk Producers' Federation.

Mr Richard V. Craig has been appointed a joint chairman and Mr Stephen F. Stonehill a director of BRADSTOCK HILTON.

Mr B. H. Chamberlain has retired as chairman of JAMES SONS CHOCOLATES.

Following the recent acquisition by W S MOODY HOLDINGS of Union Hill Group Mr J. John Chamberlain has been appointed chairman of the board of Union Hill Group.

OCEANEERING INTERNATIONAL SERVICES has appointed Mr Graham Mills as technical director.

Mr Bo Harald, UNION BANK OF FINLAND's London branch general manager, will move to Finland to take up a new post on the board from June 7.

Mr John G. Prickett has been appointed president of KRAFT EUROPE, a division of Kraft Inc.

Mr David Lineell has been appointed chairman of WOLD, Gramby. He was chief executive of Linford Holdings until his resignation in 1981.

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NEW INTEREST RATES FOR C&G INVESTORS

Effective from 1st June 1986

Table showing interest rates for various investment accounts like Cheltenham Premier Monthly Income Account, Cheltenham Gold Account, etc.

The rate of interest paid on all other existing accounts on which composite rate tax is paid by the Society will be reduced by 0.75% from 1st June 1986.

Chief Office: Cheltenham House, Clarence Street, Cheltenham, Gloucestershire, GL50 3JR. Telephone: 0242 36161.

ADVERTISMENT

AA MUTUAL INTERNATIONAL INSURANCE COMPANY LIMITED

Press reports of Tuesday referred to difficulties affecting the AA Mutual Insurance Association in Johannesburg. These reports related to a South African company and not to AA Mutual International Insurance Company Limited.

'ICL made good progress in 1985'

PETER L. BONFIELD, Chairman

- ICL benefited from the strategies implemented in preceding years and has continued its leadership in promoting Open Systems standards for information systems.
New products, many arising from collaborations, came on stream. Increased volumes were handled by new distribution channels.
The effects of staff and management training programmes were reflected in our ability to manage the business in turbulent market conditions.

Table titled 'RESULTS IN BRIEF' comparing 1985 and 1984 performance metrics like Turnover, Profit before Tax, Return on Capital employed, and Turnover per employee.

Baxendell joins Sun Life of Canada

Sir Peter Baxendell has been appointed a director of the main board of SUN LIFE ASSURANCE COMPANY OF CANADA.

WHITEHEADS ESTATE AGENCY, Bradford-based subsidiary of the President Financial Group, has appointed Mr David Bromage as director.

ICL IS A MEMBER OF THE STC PLC GROUP We should be talking to each other. ICL

COMMODITIES AND AGRICULTURE

US likely to announce wheat area reduction

THE US Department of Agriculture (USDA) may announce the 1987 Wheat Program's acreage reduction programme (ARP) tomorrow but a paid diversion and the loan rate department and private analysts said in Washington, reports Reuters.

The analysts said near-record carry-over stocks forecast for 1986-87 may prompt USDA to set the wheat ARP at the top of the 20 per cent to 27.5 per cent range set by law. They said USDA is also expected to add a paid diversion programme, with payments for generic certificates for surplus government grain. They do not, however, expect that provision to be announced this week.

By law the only provision the department must announce by June 1 is the size of the voluntary acreage reduction programme. Analysts said paid diversion options from 5 per cent to 20 per cent were being considered, but no decision has been made. Although paid diversion programs have often been opposed by the Office of Management and Budget the analysts noted that using generic certificates for payment would ease budget cost concerns.

Lagging wheat exports and mounting stocks have alarmed both private and government officials. "We are in worse shape than we were pre-PIK," said one USDA analyst, alluding to the then-Record 1982 wheat carry-over stocks of 1.55bn bushels that led to the massive post-mortem-in-kind programme of 1983. USDA is forecasting record wheat carry-over stocks for 1985-86 at 1.57bn bushels, and a near-record 1.79bn bushels for 1986-87.

In Brussels yesterday Cereal, the EEC grain lobby, said its first estimate for the 1986 grain harvest was between 153 and 159m tonnes (including Spain and Portugal), little changed from last year's 158.9m tonnes. Cereal estimated the 1986 world wheat crop at 525m tonnes, compared with 510.4m in 1985 and 521.6m in 1984.

India may end packet tea duty. By P. C. Mahanti in Calcutta. INDIA MAY soon remove the export duty from packet tea as part of a drive to increase valued-added tea sales, according to Mr R. K. Arripathi, the Tea Board chairman. Tea bags are already exempted from export duty.

Off-exchange trading under attack in US

BY NANCY DUNNE IN WASHINGTON

LEVERAGE CONTRACTS, futures which are traded on exchange floors, have emerged as the single source of controversy in this year's otherwise uneventful Congressional march towards reauthorisation of the Commodity Futures Trading Commission, watchdog for the US markets.

With little fanfare, both agricultural committees have agreed to give the CFTC another lease on life. The Commission had hoped in this year's legislation to get leverage contracts banned on the grounds that they are economically useless, but as in previous reauthorisations, the speculative instruments with a shady past have been particularly hard to kill.

A provision to ban the trading of leverage contracts or to move them on to the exchange floors breezed through the Senate committee. The committee approved a bill to amend the Commodity Futures Trading Commission, watchdog for the US markets.

With the committee chairman, Mr Kika de la Garza, and other key members behind the move, the committee agreed to ban leverage contracts on copper and foreign currencies but to allow gold, silver and platinum contracts to continue. The measure would also end in two years the moratorium which has limited new entrants into the leverage business to two firms: Money International and International Precious Metals Corp.

Indonesia and Malaysia study co-operation

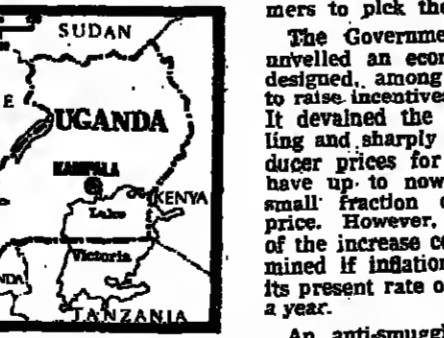
BY MAX WILKINSON

SPOT OIL prices eased further yesterday on both sides of the Atlantic after the surge to more than \$15 per barrel in the middle of the month. On the Brent market in Europe the price of crude for June delivery eased to \$13.55, down 35 cents compared with Wednesday's price and 14 per cent below a peak of \$15.50 reached on May 16.

On the New York Mercantile Exchange where crude prices have been consistently higher than in Europe for some weeks, the price of West Texas Intermediate crude fell to around \$13.50 in a rather confused market. This was 10 per cent lower than the level reached on May 16, when high demand for fuel oil and for petrol appear to have caught refiners with low stocks. As product prices rose sharply, the price of crude rose to some 50 per cent above the level reached in April.

The KLTM emerged as the main point of reference for tin prices after the suspension of tin trading on the London Metal Exchange (LME) on October 24, when the BSM ran out of money to support prices. Malaysian industry officials said that because the BSM had stopped supporting prices on the KLTM after the international tin crisis last October it should allow non-domestic tin to be traded and that the market could be strengthened.

The KLTM official said the market has set up a task force to consider allowing non-domestic tin to be traded and ways that the market could be strengthened. "A decision of whether non-domestic tin will be allowed on the KLTM has yet to be taken," he said. The prohibition of trade in non-domestic tin was aimed at preventing pressure on the International Tin Council buffer stock manager (BSM) who was almost the sole buyer on the market to defend the price of tin.



Uganda's coffee industry picks up the pieces. BY A SPECIAL CORRESPONDENT. COFFEE EXPORTS from Uganda—virtually the country's only foreign exchange earner—have recovered after falling sharply late in 1985 because of fighting inside the country.

LONDON MARKETS

A STEEP slide in London coffee futures values yesterday was fuelled by heavy losses in the New York market and the July position ended the day \$34 lower at a 27-week low of \$1,313.50 a tonne. Prices came under selling pressure and buyers withdrew on widespread rumours that Brazil is considering altering its pricing structure to bring it more in line with the world market.

Defenders of the leverage business, like Mr Thomas Russo, a prominent New York commodities attorney, see a future for off-exchange commodity trading. "There is no magic in trading on an exchange floor," says Mr Russo. He argues that the leverage firms have never been given an opportunity to do business without very tough rules.

The CFTC legislation is expected to move through Congress next month, and the future of leverage will be fought out in a House-Senate conference. This would be the leverage business—there were five when Congress first dealt with the limits on new entrants—serve an estimated 14,000 customers. In a typical leverage contract, an investor buys a quantity of a commodity with a small down payment and he gets the rest by borrowing from the leverage firm, using his commodity as collateral.

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INDICES

Table with 2 columns: Index Name, Value. Includes REUTERS, DOW JONES, MAIN PRICE CHANGES.

Table with 2 columns: Commodity, Price. Includes COCA, COPPER, LEAD, NICKEL, TIN.

Table with 2 columns: Commodity, Price. Includes ZINC, GOLD, SILVER, SOYABEAN MEAL, GRAINS.

Table with 2 columns: Commodity, Price. Includes COFFEE, WHEAT, RUBBER, MEAT, POTATOES.

US MARKETS

COFFEE FUTURES trading remained sharply lower in the face of heavy speculative position house. Coffee prices in New York reports Hazelden Commodities. The market looked technically weak and offered no support. It was not certain whether the market had reached the bottom with short selling being followed by buying back. There was no fundamental news and rumours that government officials in Brasilia would announce a price reduction for other commodity exports.

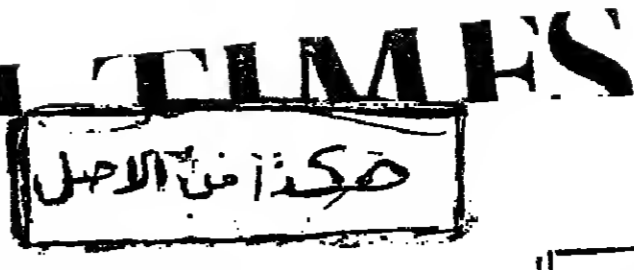
Table with 2 columns: Commodity, Price. Includes COCA, COPPER, LEAD, NICKEL, TIN.

Table with 2 columns: Commodity, Price. Includes ZINC, GOLD, SILVER, SOYABEAN MEAL, GRAINS.

Table with 2 columns: Commodity, Price. Includes COFFEE, WHEAT, RUBBER, MEAT, POTATOES.

Restoration of the Topley Pike quarry was yesterday hailed as a great victory by Prof John Tarm, planning control committee chairman of the Peak National Park, Derbyshire. Tarmac Roadstone wanted to extend the Topley Pike quarry near King Sterndale, but the Peak board said it would seriously damage the landscape and its wildlife.

Various small tables and text blocks on the right margin, including COCA, CHICAGO, LIME, SOYABEAN, GRAINS, RUBBER, MEAT, POTATOES, OIL.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Reagan comment lifts dollar

President Reagan's comment that the dollar is now at a more competitive level with foreign currencies...

FINANCIAL FUTURES

Prices fall

Interest rate contracts weakened on the London International Financial Futures Exchange...

JAPANESE YEN

Trading range against the dollar in 1986 was fixed at DM 2.2849 in Hamburg...

STERLING

Sterling lost ground against the dollar in London trading, but remained firm against most other currencies...

STERLING - Trading range

Against the dollar in 1986 is 1.5555 to 1.3770, April average 1.4988...

POUND SPOT - FORWARD AGAINST POUND

Table with columns: May 29, Day's spread, Close, One month, Three months, % p.a.

CURRENCY MOVEMENTS

Table with columns: May 29, Bank of England, Exchange Index, % p.a.

CHICAGO

Table with columns: US TREASURY BONDS (CBT), % 100,000 32nds of 100%

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table with columns: May 29, Day's spread, Close, One month, Three months, % p.a.

CURRENCY RATES

Table with columns: May 29, Bank rate, Special Rights, Exchange Index, % p.a.

LONDON

Table with columns: 20 YEAR 12% NOTIONAL OILT, % 100,000 32nds of 100%

EXCHANGE CROSS RATES

Table with columns: May 29, £, DM, Yen, SFR, SFL, HFL, Lira, C\$, SFr.

OTHER CURRENCIES

Table with columns: May 29, Argentina, Australia, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, UK, USA, West Germany.

EURO-CURRENCY INTEREST RATES

Table with columns: May 29, Short term, 7 days notice, 1 month, 3 months, 6 months, One year.

MONEY MARKETS

London rates little changed

Short-term interest rates showed little change on the London money market yesterday...

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Currency, Value of Dollar, % change.

FT LONDON INTERBANK FIXING

Table with columns: Three months US dollar, Six months US dollar, Bid 0 1/2, Offer 7/8.

MONEY RATES

Table with columns: May 29, One month, Two months, Three months, Six months, Lombard.

NEW YORK RATES

Table with columns: Prime rate, Fed funds rate, Treasury bills, etc.

LONDON MONEY RATES

Table with columns: May 29, Over night, 7 days notice, 1 month, 3 months, Six months, One year.

BEAT DJI BY 300%

Sim has grown to over \$22m with income and profits reinvested after commissions

Edwin Hargitt & Co SA, Ave. de Savoie 10 Ste. 2 CH-1003 Lausanne, Tel: +41 21 200971. Telex: 24681

STROKES WITHOUT WARNING. IT'S COMMON... IT'S KILLING... IT'S DISABLING... IT'S NEGLECTED... IT'S TREATABLE...

National Stroke Campaign of the CHEST, HEART and STROKE ASSOCIATION. R.S.V.P. Remember Stroke Victims Please

\$WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

Table with columns: COUNTRY, CURRENCY, VALUE OF DOLLAR, COUNTRY, CURRENCY, VALUE OF DOLLAR.

Vertical advertisement on the left edge of the page, partially obscured by a large image of a person's face.

Pavilion up to £2.4m after year of change. Advertisement for a pavilion project.

ION 10.6% advertisement.

LONDON SHARE SERVICE

Table of stock prices and market data including sections for BRITISH FUNDS, AMERICANS-Cont., CANADIANS, BANKS, HP & LEASING, INT. BANK AND OSEAS GOVT. STERLING ISSUES, CORPORATION LOANS, COMMONWEALTH & AFRICAN LOANS, BEERS, WINES & SPIRITS, BUILDING, TIMBER, ROADS, DRAPERY & STORES-Cont., ELECTRICALS, FOOD, GROCERIES, ETC., HOTELS AND CATERERS, AMERICANS, FOREIGN BONDS & RAILS, and INDUSTRIALS (Miscellaneous).

Table of stock prices and market data including sections for BUILDING, TIMBER, ROADS-Cont., DRAPERY & STORES-Cont., ELECTRICALS, FOOD, GROCERIES, ETC., HOTELS AND CATERERS, AMERICANS, FOREIGN BONDS & RAILS, and INDUSTRIALS (Miscellaneous).

Table of stock prices and market data including sections for ELECTRICALS, FOOD, GROCERIES, ETC., HOTELS AND CATERERS, AMERICANS, FOREIGN BONDS & RAILS, and INDUSTRIALS (Miscellaneous).

Handwritten text at the bottom of the page, possibly a signature or date.

INDUSTRIALS—Continued

Table of industrial stocks including companies like Shell, BP, and various engineering firms. Columns include company name, price, and other financial metrics.

LEISURE—Continued

Table of leisure and recreational stocks, including companies like BSA, Leisure, and various holiday-related businesses.

PROPERTY—Continued

Table of property and real estate stocks, including companies like British Land, Property, and various real estate services.

INVESTMENT TRUSTS—Continued

Table of investment trusts, including various funds and trusts offering different asset classes.

FINANCE—Continued

Table of financial services and banking stocks, including companies like Bank of America, Finance, and various financial institutions.

MINES—Continued

Table of mining stocks, including companies like Anglo American, De Beers, and various metal mining firms.

INSURANCE

Table of insurance stocks, including companies like Lloyds, Prudential, and various insurance providers.

PROPERTY

Table of property stocks, including various real estate and land management companies.

PROPERTY

Table of property stocks, including various real estate and land management companies.

PROPERTY

Table of property stocks, including various real estate and land management companies.

PROPERTY

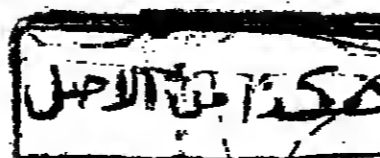
Table of property stocks, including various real estate and land management companies.

PROPERTY

Table of property stocks, including various real estate and land management companies.

Large table on the right side of the page containing various financial data, including exchange rates, interest rates, and other market indicators.

Notes and additional information at the bottom right of the page, including a disclaimer and contact information for the publisher.



LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Account Dealing Dates

Table with columns for Account Dealing Dates, First Declared, Last Account Dealings, etc.

Share placing aggravates fund-raising fears and markets move lower

Issue at 785p, down 10, with the new all-paid shares closing at 180p premium, after 180p premium. Pearl relinquished 1/4 at 213 3/4 and London and Manchester gave up 7 at 735p, while Equity and Law, 265p, and Legal and General, 785p, lost 5 pieces.

FINANCIAL TIMES STOCK INDICES table with columns for Government Secs, Fixed Interest, Ordinary V, Gold Mines, etc.

The market became nervous. Most blue chips followed the reaction in the Abbey Life, finally 22 lower at 194p, after the downturn mainly reflected jitters marking prices down than any weight of selling.

The favourable effects of the Chancellor's forecast of rigorous economic growth and good profits statements from industry leaders including Comag and Baxi were lost on the market.

Elsewhere, S. & W. Berisford hardened 3 to 230p, after 231p on the announcement that Hillsdown had decided not to proceed with its offer following the reference to the Monopolies Commission.

Several secondary Engineering stocks moved against the trend. Revived speculative buying prompted a rise of 12 in Ball, at 225p, and a gain of 7 in Woodhouse and Barrington.

In the intervening period the market became nervous. Most blue chips followed the reaction in the Abbey Life, finally 22 lower at 194p, after the downturn mainly reflected jitters marking prices down than any weight of selling.

The favourable effects of the Chancellor's forecast of rigorous economic growth and good profits statements from industry leaders including Comag and Baxi were lost on the market.

The drain on market resources also restrained interest in gilt-edged securities. Jitters took their cue from US bonds, which weakened noticeably overnight.

FT-ACTUARIES SHARE INDICES

Table with columns for EQUITY GROUPS & SUB-SECTIONS, Thurs May 29 1986, Index No., Day's Change, etc.

FIXED INTEREST

Table with columns for PRICE INDICES, British Government, 1-5 years, etc.

YESTERDAY'S ACTIVE STOCKS

Table with columns for Stock, Closing Price, Day's Change, etc.

WEDNESDAY'S ACTIVE STOCKS

Table with columns for Stock, No. of changes, Wed. Close, Day's Change, etc.

EUROPEAN EXCHANGE

Table with columns for Series, Vol., Last, etc.

EQUITIES

Table with columns for Stock, Price, Change, etc.

FIXED INTEREST STOCKS

Table with columns for Stock, Price, Change, etc.

RIGHTS OFFERS

Table with columns for Stock, Price, Change, etc.

NEW HIGHS AND LOWS FOR 1986

Table with columns for Stock, High, Low, etc.

LONDON TRADED OPTIONS

Table with columns for Option, Calls, Puts, etc.

Vertical text on the right edge of the page, possibly a page number or identifier.

WORLD STOCK MARKETS

World Stock Markets

Table of stock market data for various countries including Austria, Germany, Norway, Australia, Japan, Canada, and others. Columns include country, date, price, and change.

Table of stock market data for Canada, Toronto, and Montreal. Columns include stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of over-the-counter stock prices for various companies, including P, R, and S categories.

Indices

Table of financial indices for New York, London, and other markets, including S&P 500, Nikkei, and others.

LONDON Chief price changes

Table of price changes for various commodities and currencies in London.

Advertisement for GHEHT, offering executive cars with chauffeurs in Paris.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

London, Frankfurt, New York

EXECUTIVE CARS WITH CHAUFFEURS IN PARIS

TEL: 47.84.15.20

Advertisement for hand delivery service in Amsterdam/Delft/Eindhoven, Groningen, and other cities.

Advertisement for staying in Istanbul, offering complimentary copies of the Financial Times.

Advertisement for finding the Financial Times every morning.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, May 29

Main table containing stock prices, volume, and market indices. Includes columns for 12 Month High/Low, Stock, Price, Volume, and various market indices like S&P 500, NYSE Composite, etc.

Continued on Page 47

May 30 1986
CE
The falls
Ford-Est

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices. Columns include 12 Month High, Low, and various stock symbols like IBM, GE, and Ford. Includes sub-sections 'Continued from Page 46' and 'R R'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices. Columns include 12 Month High, Low, and various stock symbols like Amgen, Amstar, and Amstar.

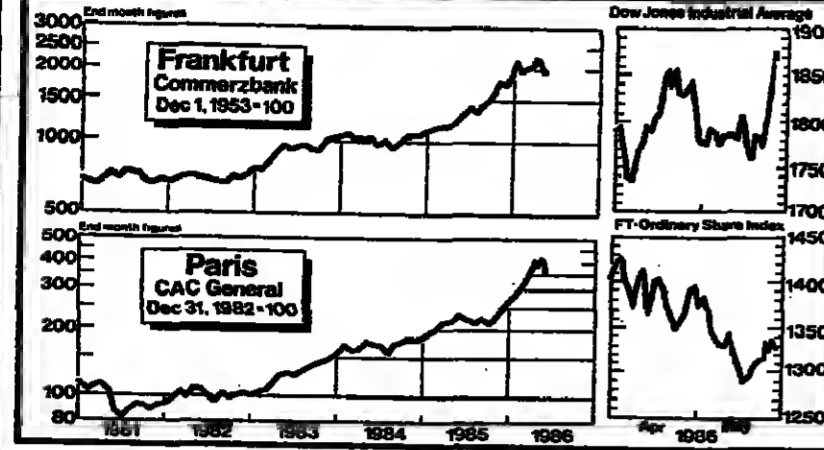
OVER-THE-COUNTER Nasdaq national market, 2:30pm prices

Table of Over-the-Counter prices. Columns include Stock, Sales, High, Low, Last, and Change. Lists various companies like Amgen, Amstar, and Amstar.

Get your News early in Stuttgart. Eine Zeitung erst mittags geliefert, hat für Sie nur den halben Wert. Damit Sie Ihre Financial Times noch vor Geschäftsbeginn erhalten...

FINANCIAL TIMES WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES	May 29	Previous	Year ago
NEW YORK			
DJ Industrials	1,872.25*	1,878.28	1,302.98
DJ Transport	806.05*	610.84	629.96
DJ Utilities	188.22*	187.91	162.19
S&P Composite	245.58*	246.63	187.88
LONDON			
All Ord.	1,236.8	1,238.4	1,004.6
FT-SE 100	1,609.0	1,604.8	1,312.0
FT-A AS-shares	791.45	798.82	634.87
FT-A 500	872.94	880.35	697.40
FT Gold mines	222.2	222.9	481.4
FT-A Long gilt	6.15	6.00	10.74
TOKYO			
Nikkei	16,510.61	16,533.39	12,767.20
Tokyo SE	1,294.57	1,290.00	997.91
AUSTRALIA			
All Ord.	1,293.3	1,208.8	878.7
Metals & Mins.	513.7	508.4	543.8
AUSTRIA			
Credit Aktien	closed	120.87	97.89
BELGIUM			
Belgian SE	3,621.94	3,641.20	2,343.45
CANADA			
Toronto			
Metals & Mins	2,148.6*	2,147.0	2,003.0
Composite	3,088.5*	3,093.1	2,736.1
Montreal			
Portfolio	1,580.2*	1,580.87	133.78
FRANCE			
CAC Gen	351.7	351.8	230.2
Ind. Tendance	132.1	131.3	83.24
WEST GERMANY			
FAZ-Aktien	closed	699.31	448.18
Commerzbank	closed	1,393.4	1,310.1
HONG KONG			
Hang Seng	1,772.76	1,777.47	1,587.71
ITALY			
Banca Comiti	731.91	809.07	311.24
NETHERLANDS			
ANP-CBS Gen	268.4	267.5	210.8
ANP-CBS Ind	279.3	277.3	171.3
NORWAY			
Oslo SE	341.03	340.52	336.20
SINGAPORE			
Strait Times	645.33	635.11	616.92
SOUTH AFRICA			
JSE Golds	-	1,145.6	1,020.3
JSE Industrials	-	1,161.6	967.6
SPAIN			
Madrid SE	177.27	172.08	80.73
SWEDEN			
J & P	2,360.25	2,320.58	1,370.08
SWITZERLAND			
Swiss Bank Ind	567.8	568.9	431.1
WORLD			
MS Capital Int'l	315.4	317.1	210.2
COMMODITIES			
(London)			
May 29		Prev	
Silver (spot fixing)	339.05	340.30	
Copper (cash)	£945.50	£928.50	
Coffee (May)	£1,627.50	£1,685.00	
Oil (Brent blend)	\$13.35	\$13.70	
GOLD (per ounce)			
London	\$343.50	\$342.75	
Zürich	\$342.00	\$343.50	
Paris (fixing)	\$342.00	\$342.75	
Luxembourg	\$342.00	\$341.65	
New York (June)	\$343.50	\$342.50	

WALL STREET Data sap strength from rally

WEAKNESS in the bond market caught up with Wall Street stocks yesterday, writes Terry Byland in New York.

Bonds fell sharply on the news of a larger than expected increase in the April index of leading economic indicators, and the stock market fell from its newly established peaks as the buyers backed away.

At 3pm the Dow Jones industrial average was down 6.03 at 1,872.25.

The April indicators suggest the US economy is stronger than expected and thus weaken the chances that rates will either fall of their own accord or that the Fed will cut discount rates to stimulate economic activity. This week's surge in stock prices in part reflected interest rate hopes and had been ignoring danger signals from the bond market.

However, stock market turnover was down, and there was little selling pressure. Interest-rate sensitive stocks held fairly steady, and profit-taking came mostly in those manufacturing issues in favour earlier in the week.

IBM, after its stellar performance on Wednesday, eased 5% to \$150 1/8 - still a substantial recovery from the testing levels of the low 140s. Merck, another recent favourite, gave up 1 1/2% to \$98 1/4 in thin trading. General Electric led 1 1/4% to \$79 1/2. General Motors 3/4% to \$79 1/4 and Minnesota Mining 3/4% to \$105 1/4.

In the aerospace sector Lockheed shed 5% to \$59 after trimming the workforce. Also weak were Boeing, down 3/4% at \$57 1/2, and General Dynamics, 3/4% off at \$77 1/4. Morton Thiokol gained 3/4% to \$33 1/2 after a Bear Stearns analyst predicted a revival of the shuttle programme, which has been in abeyance since the Challenger disaster.

Morton makes the booster rockets for the shuttle. Rockwell, which is the leading contractor on the shuttle, as well as manufacturer of the capsules themselves, eased 5/8% to \$48 1/4. With IBM calmer, and the Burroughs-Sperry merger squabble over, computer issues lacked fire. Sperry hung fire at \$74 1/4, and Burroughs edged up 5/8% to \$59.

But there was some demand for semiconductor issues on reports that the US and Japan had made progress towards a settlement of imports by Japanese manufacturers into the US market. One version of the pending accord suggests that Japanese firms might buy more US semiconductor as part of the deal. Motorola gained 3/4% to \$45 1/2. Texas Instruments 1 1/4% to \$39 1/2 and Advanced Micro Devices 5/8% to \$26 1/2.

Airline stocks, propelled this week by weakening prices for oil futures in New York, gave back a few cents without suffering significant selling. Pan Am, against the trend, edged up 3/4% to \$8 1/2, but among the domestic airlines United slipped 3/4% to \$81 and American 3/4% to \$58 1/2.

There was heavy trading of ITT stock, up 5/8% at \$49, on the board's decision to sell the majority holding in Abbey Lite, the UK insurance group.

Activity in the food stock sector was reignited by a bid of \$54 a share from Bear Stearns and Guss for Anderson Clayton, which jumped 3 3/4% to \$54 1/4 in response - indicating that Wall Street hopes to see better terms.

After bidding for Thrifty Corp. stock in Pacific Lighting dipped 3 3/4% to \$48 1/2. The move seemed to rule out a rumoured bid for Thrifty by Safeway Stores, which rose 1 1/4% to \$43 1/4.

Also in the food sector McDonald's, the fast-food group, plunged 3 3/4% to \$103 1/4 after Merrill Lynch lowered its opinion of the stock. But brokerage comment worked well for PepsiCo, up 1 1/4% to \$34 1/4 in heavy trading after a reportedly

upbeat meeting with the Wall Street retail gurus.

With the bid from Citicorp expected to go ahead, stock in Quotron, the market electronic reporting firm, edged up 3/4% to \$18 1/2. Banking stocks were generally quiet. American Express eased 3/4% to \$63.

In the credit market short-term rates moved up sharply after the April economic indicators seemed to reduce the chances of an early cut in federal discount rate. Three-month Treasury bills, at 6.26 per cent, gained 8 basis points overnight.

With a poor market reception for the Treasury sale of three-year securities also upsetting traders, bond prices plunged nearly two points.

TOKYO Further day on range of peaks

BOLSTERED by the record overnight close on Wall Street, buying interest strengthened in Tokyo yesterday and the Nikkei stock average soared to another peak, writes Shigeo Nishitani of Jiji Press.

The upward trend tapered off in the afternoon, however, as investors became concerned about the high level of prices.

The Nikkei index rose 37.22 to 16,510.61, registering a sixth successive daily record. Trading volume remained high at 942m shares, although down from 1,228m on Wednesday. Advances outpaced declines by 470 to 400, with 117 issues unchanged.

Low-priced, large-cap chemicals were the three most active stocks on expectations of healthier business performance because of lower materials costs.

Showa Denko topped the active list with 39.25m shares traded amid reports of speculative interest and firming Y5 to Y395 after fluctuating between Y391 and Y418.

Sunimoto Chemical, second busiest with 37.55m shares, firmed Y6 to Y374 and Mitsui Toatsu, third with 32.02m shares, added Y27 to Y291.

Some market sources said these issues were in demand by money trusts and institutional investors. But the dominant view was that they were sought in rotation buying in view of low prices relative to recent populars such as stocks related to the Government's fiscal investment and loan programme and domestic demand expansion.

Large capital stocks were also bought with Nippon Steel adding Y3 to Y166, Nippon Kokan Y4 to Y144 and Kawasaki Steel Y4 to Y184.

Elsewhere, high technology issues were popular. Ajinomoto rose Y150 to Y1,810 on buy orders for over 1.2m shares after reports of its development of artificial blood. Tokai Carbon climbed Y42 to Y813 on development of a new material with wide potential applications.

Nichirei advanced Y4 to Y729 on news that the processed foods manufacturer would venture into property business, while Nihon Nosen Kogyo put on Y41 to Y871 on talk of buying by speculators.

Shippings were mixed in active trading on news of the planned reorganisation of the sailing industry. Kawasaki Kisen shed Y5 to Y227, but Nitsui OSK Lines rose Y15 to Y255. Yamashita-Shin-nihon Steamship was unchanged at Y160.

Among domestic demand-linked stocks, Mitsubishi Estate advanced Y30 to Y2,090 and Kajima Y33 to Y894. Blue-chip stocks remained out of favour.

Bonds prices continued to fall reflecting concern over the tighter supply-demand situation caused by the large issue amount of September government

bonds. Another unfavourable factor was a slump in the US treasury bond market.

Bond futures for September contracts shed Y0.72 to Y10.45 on selling by banks. In cash trading, the yield on the 6 1/2 per cent government bond due in July 1995 jumped from 4.908 to 4.995 per cent after hitting 5.030 per cent. The yield on the 5 1/2 per cent government bond maturing in March 1996 climbed from 5.050 to 5.215 per cent. Institutional investors stayed on the sidelines.

LONDON A MAJOR share-placing together with two smaller calls for cash boosted London yesterday.

The FT Ordinary share index ended 11.6 down at 1,328.8 while the more broadly based FTSE index closed 15.8 at 1,800.6.

IT's decision to sell its remaining stake in Abbey Life caused nervousness, and the drain on market resources also restrained interest in gilts.

The favourable effects of the Chancellor of the Exchequer's forecast on economic growth, as well as good profit statements from industry leaders failed to restore investor confidence.

Chief price changes: Page 45, Details, Page 44; share information service, Page 42-43.

EUROPE Milan stays centre of attention

ITALY remained the centre of attention on the European bourses yesterday, as foreign institutional support began to evaporate. Other bourses fared better, with Sweden managing to hit a record.

Milan suffered another bruising session with a 9.8 per cent drop in the Borsa Commerciale index to 731.91, leaving the market down 20 per cent so far this week.

Trading was suspended in 20 stocks in what amounted to one of the largest single setbacks that the bourse has suffered in its 2 1/2 year old bull run. The retreat by foreign, particularly UK, investors combined with steady selling by small local participants, unmarred by rumours of a capital gains tax on share dealing.

Domestic institutions still remain one of the major props to the market.

Trading volume was about £1,000m (\$630m) or about three times the average daily level of recent months.

Flat-stumped L2,280 to L1,270, and Olivetti retreated 1,610 to L1,600. Among insurers General closed £1,100 lower at £1,157,500.

Stockholm hit a peak on strong institutional buying against a background of very good current account figures. The Swedish Composite index rose 1.2% to 1,199.0. Among insurers General closed £1,100 lower at £1,157,500.

FRANKFURT was closed yesterday for the Corpus Christi holiday.

Veckans All Share index jumped 20.1 to 811, and turnover surged to SKr 52m against Wednesday's SKr 45m.

Trading in Frankfurt remained suspended pending a bourse announcement late in the day.

The rally in Madrid was led by communications. Telephone monopoly Telefonica jumped 9.50 percentage points to 208 per cent of nominal value.

Many foreign investors now consider Spain's suitable alternative to the Italian market, although settlement problems still exist on a more manageable scale than that experienced in Italy, exist.

Banks scored broad gains with Bibeas 40 points ahead at 890 per cent, Popular 45 points up at 1,095 per cent and Hispano finishing 11 points stronger at 410 per cent.

Paris, which started the week on a strong note, displayed the first signs of a technical correction after two relatively volatile sessions.

Isolated foreign buying combined with the overnight record on Wall Street to buoy the broad market.

Next up the diversified holding company jumped 4 per cent, FFY 730 to FFY 186 - on 1985 results which showed a 29 per cent fall in profits, due mainly to the sale of securities and a higher dividend.

Amsterdam finished mixed to lower in this trading. Internationals were easier as Phillips fell 50 cents to FF 50.50. YNF topped market. Océ van der Grinten featured with a sharp 31 1/4 jump to FF 514 reflecting steady foreign interest in a thin market.

Brussels lost ground on uncertainty over the Government's austerity measures and growing public unrest.

ACSO fell 250 to FF 1,294 while GB Imb BNF dropped FF 200 to FF 7,700. Kredietbank moved against the trend with its BF 230 jump to BF 16,025.

Zurich steadied despite the absence of many institutional and German buyers. Swissair still managed to rise SF 35 to SF 1,670, and Bank Leu, among lacklustre banks, added SF 100 to SF 3,650.

Oslo turned quiet ahead of the revised state budget today, amid conflicting opinions on whether a new share tax would be introduced.

AZTEC WEST

BRISTOL

Aztec West is Bristol's big business-success-story. This unique and spectacularly impressive landscaped business park covers almost 125 acres, just half a mile distant from the M4/M5 interchange.

Aztec West has potential for over 2 million square feet of offices, warehouse and manufacturing units in an environment aimed at expansion of business opportunities. All units are for lease or purchase with options on

neighbouring plots for future growth.

The Aztec West 200 development is the latest in this spectacular project. Phase 1 offers up to 22,310 sq ft net of office space with full double glazing, suspended ceilings and integrated lighting. There are individual central heating systems and parking space for 117 cars. Phase 2 is in the planning stage and will offer similar facilities for all types of business endeavours.

Aztec West has limitless potential and promise, whatever you're looking for - and however spectacular your company's growth.

ESN Electrical Supply

LALONDE 24 Quarter Road, Bristol, BS20 7PQ. Telephone 01272 260731.

Richard Ellis 34 Colton Road, Bristol, BS20 7PH. Telephone 01272 366000. Telex 227 698.

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